FINANCING SCHOOLING IN ALBERTA: REPORT OF THE MINISTER'S TASK FORCE ON SCHOOL FINANCE 1982

Alberta Education
Edmonton, Alberta
December 1982

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December 22, 1982

Honourable David King
Minister of Education
Legislative Building
Edmonton, Alberta

Dear Mr. King:

Re: Report of the Minister's Task Force on School Finance

On behalf of the School Finance Task Force, I am pleased to provide you with its final report. As required by the Ministerial Order establishing the Task Force, the report is being forwarded to you prior to year's end, December 31, 1982. The report is the culmination of fifteen months of deliberations, during which time the Task Force commissioned research studies, initiated preparation of staff papers and debated significant issues related to the funding of schooling in Alberta today.

The central conclusion of the Task Force is that the current arrangements in Alberta exhibit few deficiencies when compared with provisions elsewhere in North America in terms of what makes a good school finance plan. Our present plan combines a comparatively high level of overall support from the general revenues of the province with extensive special assistance to account for unique local circumstances. As well, the plan allows for a high degree of local choice in programming, spending and taxation. However, while the Task Force endorses the current structure of the Alberta school finance plan, it argues that the plan can and should be improved through substantial increases in the level of funding.

The two most provocative and topical issues with which the Task Force dealt were the review of local school supplementary requisitions and an attempt to describe the essential elements of a provincial education plan.

Regarding local school supplementary requisitions, the Task Force notes with concern the marked increases during the past few years and the alarm expressed by local municipal authorities over the growing local tax burden. Though it is true that the size of the supplementary requisition is set by the local school jurisdiction, it is done strictly

within the provisions of Provincial regulation. Recent increases are the reflection of the efforts of responsible school authorities striving to maintain the level of service in the face of inflation and increasing service demands. The Task Force takes the position that necessary increases in local supplementary requisitions can be kept to a minimum only if the Province assumes, from the general revenues of the province, a greater share of total schooling costs.

After extensive study and discussion, the Task Force has concluded that Principle Two, linking school financial arrangements with a provincial education plan, should be interpreted in the light of current school board practice. The educational plan is what is happening in the schools now. It is a function of provincial requirements, school board desires and local community aspirations, geography, and availability of financial resources. The Task Force's recommendations in this matter are directed towards enhancing the program and increasing its accessibility in all school jurisdictions without prescribing to them what their program should be.

Other important matters treated in the Task Force report are: the adequacy of general funding, adequacy of special funding, improvements in grant systems, and proposals for the reduction in the number of individual grants.

I am confident you will find the views of the Task Force of considerable value.

On behalf of the Task Force, I would like to express our appreciation for the opportunity to address issues of such considerable importance to so many Albertans.

Sincerely,

J. S. Hrabi
Chairman
School Finance Task Force

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FOREWORD

The appointment of the present School Finance Task Force in the summer of 1981 was the second part of a systematic two-stage review of school finance arrangements in Alberta. The first part of the review began in 1980 and provided information on historical developments in Alberta school financing; trends and patterns in school board revenues and expenditures, staffing, pupil enrolments, and curricular programs; and new analytic tools and techniques which could be used in reviewing contemporary school finance issues.

In this second and final (Stage 2)[1] report, the Task Force presents its conclusions and makes recommendations to the Minister of Education regarding an Alberta school finance plan. These conclusions and recommendations reflect the best judgements of the Task Force after careful consideration of Stage 1 and Stage 2 research findings and lengthy discussion of major school finance issues.

[1]The publication entitled *Financing K-12 Schooling in Alberta: Stage 1* (Alberta Education, 1981) consolidates the information assembled during the first stage.

ACKNOWLEDGEMENTS

In addition to persons mentioned in the list of studies (Appendix C), the Task Force acknowledges the contributions of the following people who helped to bring the *Financing Schooling in Alberta* project to a successful conclusion:

W. Leigh Hill: executive secretary to the Task Force and project director

Ray LaFleur: administrative secretary to the Task Force and project manager

Peter Baker, Peter Bargen, Charles Hyman, and Philippe Gibeau: steering committee for study on "Funding Basic Education in Alberta" (Bumbarger, Richards, and Seger)

J. Collins Meek: project manager and general consultant

Gerry Ewert: project manager

Linda M. Youell: researcher and production coordinator for Stages 1 and 2 of the project

Anita Jenkins: writer and editor for Stage 2 of the project

Jerry Ochitwa: technical support

Rosanna Shih: technical support

Dilshah Bandali: typist

Patti Graber: secretarial services

Finally, the Task Force expresses its appreciation to all those individuals, school boards, agencies, and organizations who took it upon themselves to submit letters and briefs regarding their specific concerns.

CHAPTER I
INTRODUCTION

Background

OVERVIEW

Prior to the turn of the century, before Alberta became a province, parents built a school, hired a teacher, taxed themselves to pay expenses — and that was the school finance plan. Today the situation is considerably different; the system for collecting and distributing revenue for education in Alberta is very complex. The complexity is evident even when the school finance plan is described in its most basic terms.

The revenues of local school jurisdictions (see Fig. 1) in Alberta fall into four major categories: School Foundation Program Fund (SFPF), other provincial grants, supplementary requisitions, and miscellaneous revenues. The School Foundation Program Fund covers basic instruction, transportation and administration plus debt service. Other provincial grants provide specific support for numerous programs, including early childhood services and education of handicapped pupils; and for unique local conditions, such as remote location or declining enrolments. Supplementary requisitions, the amounts raised through local property taxes, are set by the local jurisdiction to provide the difference between revenues from other sources and the total revenue requirements. Miscellaneous revenues include such items as tuition fees (for example, federal funds for students residing on military bases), transportation charges, and receipts from the sale and rental of books.

To a large extent this system has developed as a result of the province's efforts to promote certain generally accepted principles of educational finance. These principles are:

1. That all children should have equal opportunity for schooling,
2. That grants for education should be distributed fairly among local school jurisdictions, and
3. That local school jurisdictions should retain a considerable degree of autonomy.

Since these principles are ideals, their achievement is almost always limited by financial constraints. As well, one principle can sometimes be in conflict with another. For example, a more even distribution of funds might involve full provincial control, but this method would conflict with the principle of local autonomy.

HISTORY

In 1961 Alberta made a significant change in its school finance plan by establishing the School Foundation Program Fund. The province obtained funds for this program, primarily from general revenues of the province but also through a uniform province-wide levy on residential[1] and non-residential property, and distributed these funds among school jurisdictions on the basis of their pupil enrolment, teachers' salaries, transportation costs, and capital expenditure. School boards also had the statutory right to levy supplementary requisitions to make up the difference between the support from the School Foundation Program Fund and the boards' total expenditures.

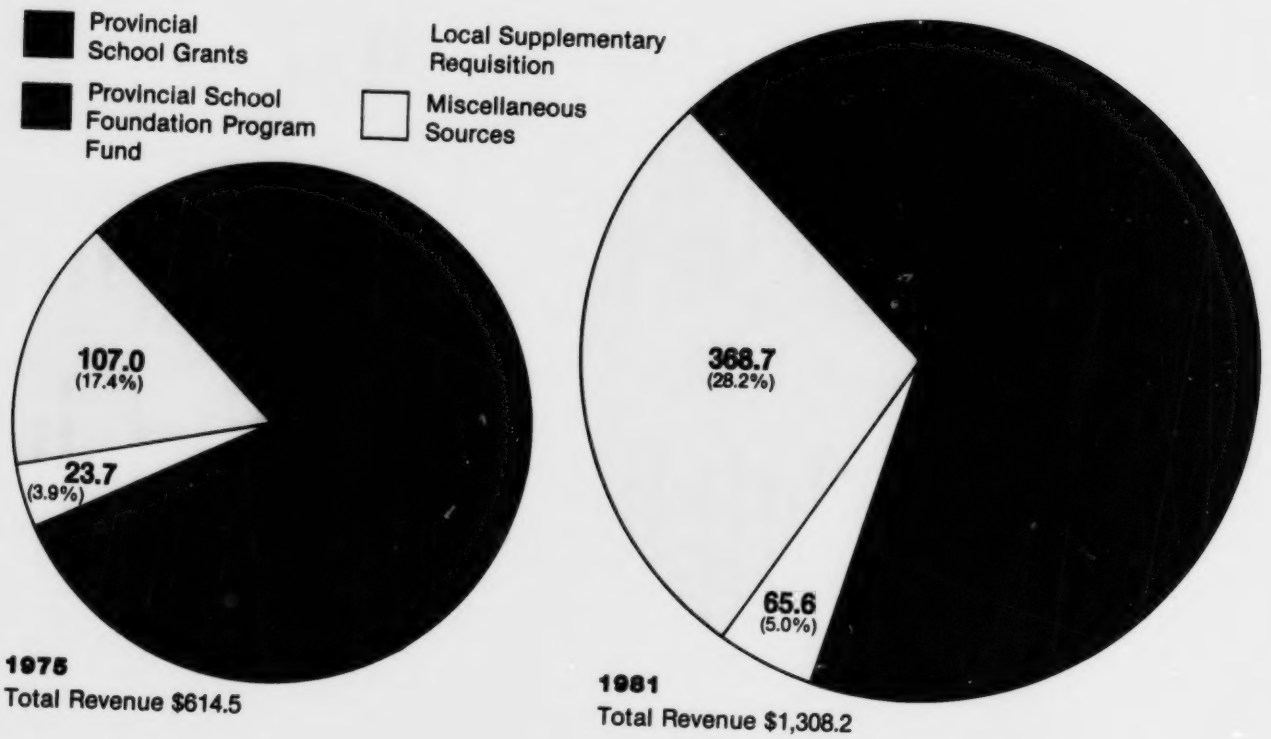
Since property tax revenues from a province-wide uniform levy were now pooled and redistributed, through standard teacher and pupil grants to all school jurisdictions, the funds were more equally shared among the wealthier and poorer regions of Alberta. In theory at least, every school jurisdiction had enough money to offer an acceptable school program.

In response to recommendations by the 1969 Minister's Advisory Committee on School Finance, the provincial government made several changes in the finance arrangements. First, the method of allocating funds for instruction was changed from a per pupil and per teacher basis to a "classroom unit" basis — the number of pupil groupings. The 1969 school finance plan also provided funds for the employment of support staff such as librarians, counsellors, and administrators.

Since 1969, the province has reviewed school finance policy and procedures approximately every three years. Minister's advisory committees on school finance submitted recommendations in report form in 1972 and 1975. In 1978, instead of a formal review, Alberta Education invited two primary interest groups, The Alberta Teachers' Association and the

[1]Residential assessment was removed from the School Foundation Program Fund levy base under the Alberta Property Tax Reduction Act, 1974.

Figure 1 **Sources of School Board Revenue** (In Millions of Dollars)



Alberta School Trustees' Association, to submit detailed reports about their financial concerns.

In response to both formal reviews and informal representations, Alberta made several changes in its school finance arrangements between 1971 and 1982 (see Table 1 and Fig. 2). The School Foundation Program Fund instructional component was changed to a per pupil grant in 1973. (The classroom unit had been the basis since 1969.) Transportation grants were changed to per diem per bus payments, modified by numbers of students transported. Funding provisions for the transportation of handicapped children were introduced.

Major changes also occurred under the School Grants Regulations (SGR). The Alberta government established many new grants which provided for special needs, so that in 1980 there were 24 grants as compared to 10 in 1972. These grants supported new programs such as Early Childhood Services and the Educational Opportunities and Learning Disabilities Funds, assisted existing programs such as special education and private schools, and provided additional support for school jurisdictions having special educational needs. Grants in this last category include the Small School Assistance and Small School Jurisdiction Grants which assist schools having low enrolments, the Declining Enrolment Grant which provides temporary assistance to help schools adjust to a loss of pupils, and the Supplementary Requisition Equalization Grant which guarantees each jurisdiction a minimum level of support for each resident pupil regardless of how poor that jurisdiction might be in terms of its taxation base.

The result of these many additional grants has been a gradual but fundamental change in the pattern of funds allocation. Originally Alberta school finance arrangements relied almost exclusively on the School Foundation Program Fund, which distributes money equally; whereas today there is an increasing emphasis on the School Grants Regulations, which distribute money differentially. The proportion of total revenues to school jurisdictions under the School Foundation Program Fund has declined consistently since 1974 while the proportion from the School Grants Regulations has more than doubled between 1972 and 1978. (Local supplementary requisitions also increased substantially during that period.)

Mandate of 1981-82 School Finance Task Force

The previous section describes in very broad terms the school finance arrangements which the 1981-82 School Finance Task Force examined. The Minister of Education, the Honourable David King, directed the School Finance Task Force as follows:[1]

1. In making recommendations to the Minister of Education with regard to improvements in the ways and means of funding K-12 schooling, the Task Force shall focus on issues surrounding education finance in Alberta today, with particular attention to:
   - fiscal equalization and equity, as particularly regards regional differences in the cost of providing schooling, and the sharing of local school board costs;
   - the locus of control, with regard to limits on local requisitions and modes of provincial funding;
   - equity of school programs.
2. The Task Force shall consider alternatives to the current arrangements in Alberta for financing K-12 schooling, including alternatives to the present School Foundation Program Fund, and shall detail the strengths and weaknesses of each in terms of current Alberta arrangements.
3. With the exception of capital funding, the Task Force may enquire into any matter or thing which the Task Force considers essential to the proper execution of its responsibilities.

Later, the Minister indicated that besides reviewing possible methods of collecting and distributing funds, the Task Force might define a provincial education plan. The Task Force could consider the impacts which a particular finance plan might have on the educational program, and/or describe an appropriate minimum educational program that the finance plan should fund.

As deliberations progressed, the Task Force excluded certain areas from its review. Originally the

[1]Ministerial Order, June 12, 1981, Alberta Education. (The Ministerial Order appears in full in Appendix A.)

Table 1

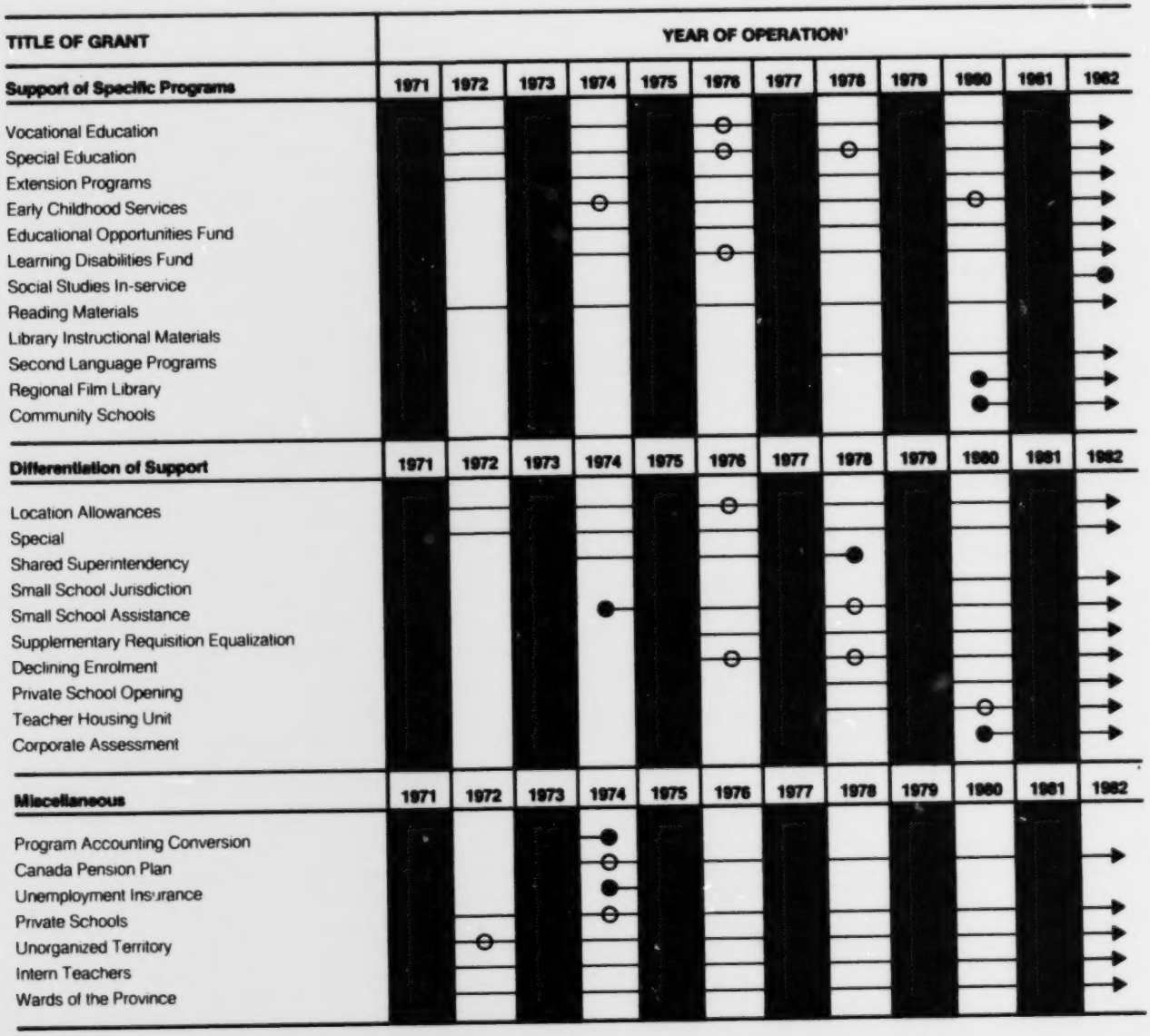
Evolution of School Foundation Program Fund, 1972-82[1]

Year of Change	Instruction[2]	Transportation	Debt Retirement and Capital Expenditure
"Initial Conditions" in 1972	CRU and SSG with "truncation" of remainders; E = 1.00, J = 1.20 and S = 1.80	*Rural* based on cost in last 3 years, *urban* based on per pupil travel in excess of 1½ miles; depreciation; lesser of 90% of cost or grant specified.	Principal and interest for debentures and capital loans approved by School Buildings Branch
1973	Change from CRU and SSG to PPG with E = 1.00, J = 1.16 and S = 1.70	Rural entitlement on basis of that received in 1971 rather than on costs in last three years	
1974		Rural entitlement includes transportation of handicapped children	Addition of Building Quality Restoration Program
1975		Additional per bus allowance for rural; smaller distances for Grades 1-6 and provision for support of non-residents for urban	
1976	Specification of age range equivalents	For rural, per diem grants with allowance for non-usage and mileage, load factors	Support for interest in excess of 8% on debentures of 10 years or more, issued on or after January 1, 1974 for projects not covered by above.
1979	Differentials narrowing to E = 1.00, J = 1.05, S = 1.20	For rural, grant for bus modification for handicapped children, specifications for weekend usage	As for 1976, except for interest in excess of 9% and for debentures issued on or after May 1, 1980
1980			
1981			As for 1980, except for interest in excess of 11%, and for debentures issued on or after March 27, 1981.
1982			As for 1981, except interest ceiling of 17% introduced for debentures issued after March 31, 1982

[1] No change in Administration component: 3% of [Instruction + Transportation]

[2] CRU = Classroom Unit Grant; SSG = Support Staff Grant; PPG = Per Pupil Grant. Differentials: E = Grades 1-6; J = Grades 7-9; S = Grades 10-12.

Figure 2 **Evolution of Grants under School Grants Regulations, 1971 -1982**



[1] • Signifies year of introduction or termination of grant.

° Signifies a change in the number and/or nature of the components of a particular grant. Such a change does not include changes in amounts specified in existing components such as an upward adjustment in per pupil allocations.

Task Force invited two non-voting representatives of Early Childhood Services (ECS) to attend the meetings. The Task Force later learned that the provincial government was considering increases in the Early Childhood Services per pupil grant and minimum funding for low enrolment Early Childhood Services operations. Since this relatively new program had undergone several changes very recently and more changes were likely, the Task Force decided not to review Early Childhood Services.

In December 1981 the Minister informed the Task Force that in the near future he would be establishing a task force on private schools. In view of this information, the School Finance Task Force decided to exclude private schools from its study. The Task Force continued, however, to have a representative of private schools attend its meetings.

CHAPTER II
RATIONALE FOR AN ALBERTA SCHOOL FINANCE PLAN

For the purposes of this report, an Alberta school finance plan is defined as: all statutory, regulatory and policy arrangements governing the funding of schooling services in Alberta, through which the province seeks to ensure that all students have equal opportunities for "schooling" as described in *The Goals of Basic Education for Alberta* (Alberta Education, 1978).

Issues

In reviewing the current school finance plan for Alberta, the Task Force addressed the following philosophical and practical concerns.

Equal Opportunities for Schooling. Do all children in Alberta have fair access to schooling programs suitable to their learning potential? Are there programs, for example, for handicapped children; children having different social, cultural, or economic circumstances; gifted and talented children; and children interested in vocational education? Are the instructional programs of similar quality from one school system to the next? Are Alberta's "goals of basic education" being achieved?

Financial Equity. Does provincial funding to school systems take into account the ability of the jurisdictions to raise revenue for services and the relative cost of providing the services in that jurisdiction? Does the funding make specific provision for offsetting these factors?

Educational Program and School Finance. Is there a direct link between what programs a school system provides or is required to provide and what funds the school system is entitled to? Is there a defined educational plan for Alberta which is clearly reflected in the school finance arrangements?

Leadership. Does the school finance plan provide for provincial support beyond the minimum level, which is dedicated to improvement of educational services?

Diversity of Revenue. Are there alternative local sources of revenue for school boards which could reduce the need for increased property taxation?

Local Control. Where does authority over and responsibility for school programs and methods of financing lie? Do local school jurisdictions have a choice of methods of delivering prescribed school programs? Do local school jurisdictions have the right to raise money for the financing of education when such financing is not provided for in the provincial plan for school support?

Adequacy of Funding. How should educational costs be shared between the provincial government and the local school jurisdictions? How can school systems achieve their educational objectives without overburdening the taxpayers?

Reducing the Complexity of the Funding Program. Can the funding program be simplified and made more efficient by such methods as reducing the number of grants and regulations involved or making changes in the tax collection processes?

The foregoing questions indicate that judgements about the soundness of school finance plans must take into account two major aspects — fair treatment of all pupils in the province and fair treatment of taxpayers. A school finance plan can be based more on one than the other of these factors, but adequate funding is always essential for the success of any plan.

General Principles of School Finance

As a first step towards describing a school finance plan for Alberta, the Task Force endorses the following seven general principles.[1]

An Alberta school finance plan should:

1. Have as its prime objectives:
   a. the equalization of educational opportunity, and
   b. fiscal equalization, insofar as it is compatible with equalization of educational opportunity.
2. Be designed to achieve an educational program which may be defined as the province's educational plan.

[1]These principles are drawn in large part from principles which were established by the 1969 Minister's Advisory Committee on School Finance and generally endorsed by the 1972 and 1975 committees.

3. Provide monies for development grants and in support of selected programs over and above the basic level of the plan, in order to provide leadership towards the improvement of educational services.
4. Provide for a diversity of revenue sources.
5. Recognize the importance of autonomy for, and accountability of, local school authorities.
6. Avoid infringement on local choice of method of program delivery.
7. Allow local school jurisdictions the opportunity to raise money for the financing of public education when such financing is not provided for in the provincial plan of school support.

These principles are ideals towards which an Alberta school finance plan should strive. As noted in Principle 1, one ideal may conflict with another.

CHAPTER III
CONCLUSIONS AND RECOMMENDATIONS

This section categorizes the various conclusions and recommendations of the Task Force in terms of the seven principles of school finance, and two practical considerations — adequacy of funding and reducing the complexity of the funding program. Some recommendations, of course, have application to several principles but for discussion purposes they have been placed under the principle which seems of primary concern. The fact that a large number of recommendations fall under some principles and relatively few fall under others does not necessarily imply that any one principle is of lesser importance.

Principle 1. Educational Equality and Financial Equity

An Alberta school finance plan should have as its prime objectives:
a. the equalization of educational opportunity, and
b. fiscal equalization, insofar as it is compatible with equalization of educational opportunity.

Part (a) of this first principle, "equalization of educational opportunity," refers to the concept that each child should have equal access to an instructional program suitable to his or her learning potential; and that instructional programs should be of similar quality and depth from one school system to the next. This does not necessarily mean equal dollars per pupil nor equal dollars per program. It means that a school finance plan should not favor one child at the expense of another nor deny any child an opportunity available to another.

Part (b), "fiscal equalization," implies that provincial funding policies must take into account the ability of the local jurisdiction to raise revenue for services, and the relative cost of providing the services in that jurisdiction. Alberta's Supplementary Requisition Equalization Grant and, to some extent, the basic per pupil support of the School Foundation Program Fund are examples of efforts to neutralize the effects of factors beyond the control of local authorities which cause differences in real resources or service levels. As well, Alberta Education has established numerous special grants for this purpose.

Educators are uncertain as to whether equal opportunity for schooling is being realized because they have difficulty in defining the minimum acceptable educational program to which every child is entitled. The philosophical question, "What is basic education?" can be answered only through consensus among various interest groups, and consensus is difficult in our pluralistic society. As well, the highly valued autonomy of local school jurisdictions may interfere with consensus. Even if basic education can be defined satisfactorily today, the term continues to take on new meanings as society's views change over time.

However, most authorities on educational finance would agree that an equitable finance plan has essentially three components: minimum aid, equalization aid, and categorical aid. "Minimum aid", an adequate "foundation level" of funding distributed to school systems on a common unit of need (such as per pupil), is intended to provide a minimum level of schooling for all students. "Equalization aid" and "categorical aid" refer to additional, differentiated financial support which is based on special local factors such as variations in local wealth or the number of handicapped pupils living in a jurisdiction.

As stated in Principle 1, if conflict occurs between the goals of "equal opportunity for schooling" and "fiscal equalization," equal opportunity takes precedence. For example, a school jurisdiction may need to spend more than the average amount per pupil to ensure equal opportunity if the pupils have special needs.

Principle 1 is not intended to force all school jurisdictions to be the same. For example, boards have the right to use additional local funds for enrichment or innovation (see Principle 7), and the province does not compel sparsely populated regions to offer the same wide range of curricular programs as large city schools.

EQUAL OPPORTUNITY: PROVIDING FOR SPECIAL PROGRAM NEEDS

Through various forms of provincial funding, the Alberta school finance plan strives to fulfill the goal of equal opportunity for schooling. The Task Force addressed three specific problems related to equal opportunity — special education for handicapped children, industrial education/work experience/ business education programs, and the limited school programs offered by some school jurisdictions.

Special Education

Issues. To an increasing extent, Alberta school boards face growing demands to provide programs and services which at one time would have been regarded as beyond the responsibilities of the educational community. The Minister of Education further substantiated this responsibility when he stated to trustees in 1980 that all children are the educational responsibility of school boards except for children requiring care for 24 hours a day.

Findings. In some cases the education budget now finances programs hitherto provided by other departments. Some of these programs, especially those for severely disabled children (number 3 below), cost $20,000 per student, and 15 to 20% of that amount is a local responsibility.

The 1982 funding system for special education in Alberta is based on teaching positions for the operation of special education classes. Special Education Teaching Position Grants fall into three categories:

1. Educable mentally retarded, learning disabled, behaviorally disabled or resource room ($15,060 per approved teaching position);
2. Trainable mentally retarded, institutional or homebound ($19,420 per approved teaching position); and
3. Severely learning disabled, hard of hearing, low vision, speech disorders or specified special school ($20,730 per approved teaching position).

Where special education pupils are in a program unit for blind, deaf, or dependent multiple handicapped children, provincial support is paid according to pupil enrolment rather than by category of teaching position. This support is limited to either the actual cost of operating the program unit or the per pupil grant, whichever is less. The Learning Disabilities Fund, which is administered separately from special education funding, provides provincial support for the diagnosis of perceptual and learning disorders on a universal per elementary pupil basis.[1]

The many different forms and categories of special education funding mechanisms create confusion. There are also waiting lists for admission to programs, particularly in programs for the moderately handicapped.

Conclusions. Since the local responsibility for funding special education programs is a great expense compared to the average local cost of educating a child, there is a need for local access to a broader financial resource base. Also, the province could reduce "red tape" by simplifying regulations for special education funding. Local autonomy could also be increased through simpler per pupil grants and fewer regulations, which would make possible a variety of program delivery approaches.

[1] One notable exception is the Grande Prairie region (Zone 1), where Alberta Education staff provide diagnostic services.

Table 2

Proposed Special Education Program Levels and Associated Categories of Handicap
(Early Childhood Services through Grade 12)

Special Education Program — Level I

a) Educable Mentally Handicapped
b) Learning Disabled
c) Behaviorally Disabled (Socially Maladjusted)
d) Speech Disorders

Special Education Program — Level II

a) Trainable Mentally Handicapped
b) Severely Learning Disabled
c) Severely Behaviorally Disabled (Emotionally Disturbed)
d) Hard of Hearing (Hearing Impaired)
e) Low Vision (Visually Impaired)
f) Physically Handicapped
g) Health Impaired

Special Education Program — Level III

a) Blind (Legally)
b) Deaf (Clinically)
c) Dependent Handicapped
d) Multiple Handicapped

1. SPECIAL EDUCATION

A simplified special education funding program should be introduced to reduce disparities among jurisdictions, reduce administrative complexity, eliminate the Special Education Teaching Position funding method, and promote local autonomy in developing and using a wide variety of program delivery approaches (see Table 2).

Specifically, the special education funding program should:

a) Provide a common per pupil means of payment based on three categories of handicap for both Early Childhood Services and Grades 1 to 12: Level I (moderate), Level II (severe), and Level III (very severe).

b) Improve provincial financial support percentages for handicapped pupils so that average local costs for handicapped pupils in various categories are no higher than for other pupils in that jurisdiction.

c) Reduce waiting lists by increasing the numbers of handicapped children served (over a three-year period).

d) Continue to utilize the Program Unit Grant for the most severely handicapped children.

Note: This recommendation recognizes that local property taxes are often inadequate for covering the substantial costs which can be involved in providing for the needs of severely handicapped children.

Industrial Education, Work Experience, and Business Education Costs

Findings. Senior high school industrial education programs are very expensive because of the high costs of maintaining and repairing equipment, the costs of expendable materials for learning services, and the smaller class sizes involved. Work experience programs incur extra costs because, in order to offer this program, the school jurisdiction must hire a teacher coordinator. A coordinator cannot adequately handle more than 70 students per year, whereas a regular senior high school teacher usually deals with about 150 students per year. The coordinator also incurs car expenses or transportation costs in setting up and visiting job sites. Business education courses require extra funds to buy current equipment, especially word processors and microcomputers.

High school vocational courses are currently funded (1982) at the rate of $36.80 per credit, while industrial education, work experience, and business education courses receive no special funding. Also, since some school jurisdictions offer many more courses in industrial education, work experience, and business education than others, there are marked cost differences among jurisdictions.

2. INDUSTRIAL EDUCATION, WORK EXPERIENCE, AND BUSINESS EDUCATION COSTS

New funding initiatives for industrial, work experience, and business education should be introduced to:

a) *Fund Industrial Education 10, 20, and 30 courses at one-half the rate per credit of vocational courses.*

b) *Fund Work Experience 15, 25, and 35 courses at one-half the rate per credit of vocational courses.*

c) *Create a capital funding program to update equipment for business education.*

Note: This funding program, which would be similar to the three year Vocational Equipment Upgrading Project component of the Building Quality Restoration Program, would involve $15 million over a three-year period on a 50/50 matching basis; that is, for every dollar the school jurisdiction provided, the province would pay a dollar. The Task Force does not wish to propose the method by which the provincial funds should be provided, regarding that as an administrative concern.

Limited School Programs

Issues. The Task Force examined school jurisdictions offering limited programs; that is, some or all of the schools in these districts offer a greatly restricted number and variety of courses. Often these districts have only one school with low pupil enrolment, multi-grade organization, and/or wide geographical dispersion of pupils.

Findings. The Task Force examined program offerings in ten school jurisdictions of this type and found that variations in program offerings between these ten jurisdictions and other Alberta school jurisdictions were due mainly to parental and community preference for small local schools. These programs were long established; there had been no significant program changes since 1978-79, and no changes were predicted for the near future. All jurisdictions were offering at least the minimum program prescribed by Alberta Education, and they all indicated strong local support for the status quo. Some program areas such as creative and practical arts and second language instruction had severe limitations, but the community accepted these limitations without complaint or concern.

Conclusions. Investigation confirmed that present school funding was not the most significant factor in determining the educational program offerings in the ten school jurisdictions. Although superintendents of small schools or small jurisdictions strongly expressed a desire to continue receiving the Small School Assistance Grant, they did not want new funding provisions that would unduly increase administrative time and effort. Significant changes in school funding would not likely result in significant changes in the educational programs in these jurisdictions because of parental preferences and the geographic and demographic conditions involved. Similarly, the traditional means for increasing or improving the educational program in these school jurisdictions, such as school closures and consolidation, would not achieve results without developing strong negative community reaction.

Recommendations. The Task Force did not make any recommendations about schools offering limited programs but later made two recommendations regarding the Small School Assistance Grant (see p. 18).

FINANCIAL EQUITY

The Alberta school finance plan currently provides several types of funding which partially compensate for variations in wealth among local school jurisdictions, but in some cases the total amount of money distributed through various grants might be raised to a more adequate level. Therefore, a number of the Task Force recommendations on financial equity are directed towards improving present funding approaches and/or providing additional funding for special needs.

Subjects which are primarily related to financial equity among school jurisdictions include small schools and small jurisdictions, declining enrolments, the Supplementary Requisition Equalization Grant, regional education price indices, costs of school personnel, teacher inservice costs, and population density. However, the major topic with regard to financial equity is appropriate shares for local and provincial funding of total educational costs.

Financial Equity: Local/Provincial Cost Sharing

SHARES OF TOTAL SCHOOLING COSTS

Issues. Of all the issues associated with school financing in Alberta today, none is more provocative than what constitutes fair local and provincial shares of the total costs of local school boards. Is the contribution through provincial grants satisfactory when local school taxes have increased so markedly during the past few years?

If the local school supplementary requisition is used as a measure of the local contribution to schooling costs, then for all Alberta school jurisdictions between 1975 and 1981 the local share has increased from almost 18% to approximately 30%. In dollar terms, local supplementary requisitions have more than tripled so that in 1981 they totalled about $370 million, and the estimated figure for 1982 is about $474 million.

Alberta's municipal governments have begun to express alarm over rising school requisitions. The last six Alberta Urban Municipalities Association conventions have passed resolutions on reducing school requisitions, and the municipalities themselves have argued that costs of education are being borne increasingly by local property taxpayers.

Several of the principles of school finance are involved here. If school boards continue to rely increasingly on local revenue sources, then the financial equity inherent in the Alberta school finance plan and the equal opportunities for schooling implied by the plan will continue to decrease. Through use of local tax proceeds, wealthier school jurisdictions will be able to provide more school programs than poorer school jurisdictions, and in poorer jurisdictions the tax levels will become a burden. On the other hand, if the province's share becomes unduly large, the autonomy of local school boards might be threatened. The key is to strike the proper balance between the two objectives of financial equity and local school board autonomy.

To date, the province has not stated explicitly what its share of total school costs ought to be or is intended to be. However, what the provincial share actually turns out to be in any year is defined in the final instance by local school boards themselves. What total school costs are (that is, what school boards eventually spend) is determined by the school boards and their communities alone. The province sets no real limits on school board spending. The current controls apply only to what a school board can raise through local supplementary requisitions. Even then, current provincial limits on requisitions can be waived locally through the passage of a school board by-law. (If ratepayer petitions oppose the proposed tax increases, the school board must obtain approval of the by-law by plebiscite.)[1]

The province could specify its final share of total school costs in advance, either by:

1. Accurately forecasting total school board spending and then fixing its own budget accordingly, or
2. Setting its own budget and then limiting local school board spending to the level which results in the targeted provincial share.

The second approach would not be acceptable to school boards, since it implies the imposition of strict provincial limits on school board spending. Similarly, the province would not likely favor the first approach which implies that school boards in effect define the provincial education budget.

The situation presents a dilemma: how can the school finance arrangements ensure that the province bears its fair share of total school costs, without undue restriction on local school board spending and acknowledging the right of the province to set its own education budget?

Conclusions. Since school boards themselves determine what they spend, the province cannot set its share of total school board expenditure as a target to be precisely achieved every year. Instead, the Task Force believes that the province should set a goal towards which it will strive from year to year. In some years the target may not be reached; in others, it may be exceeded.

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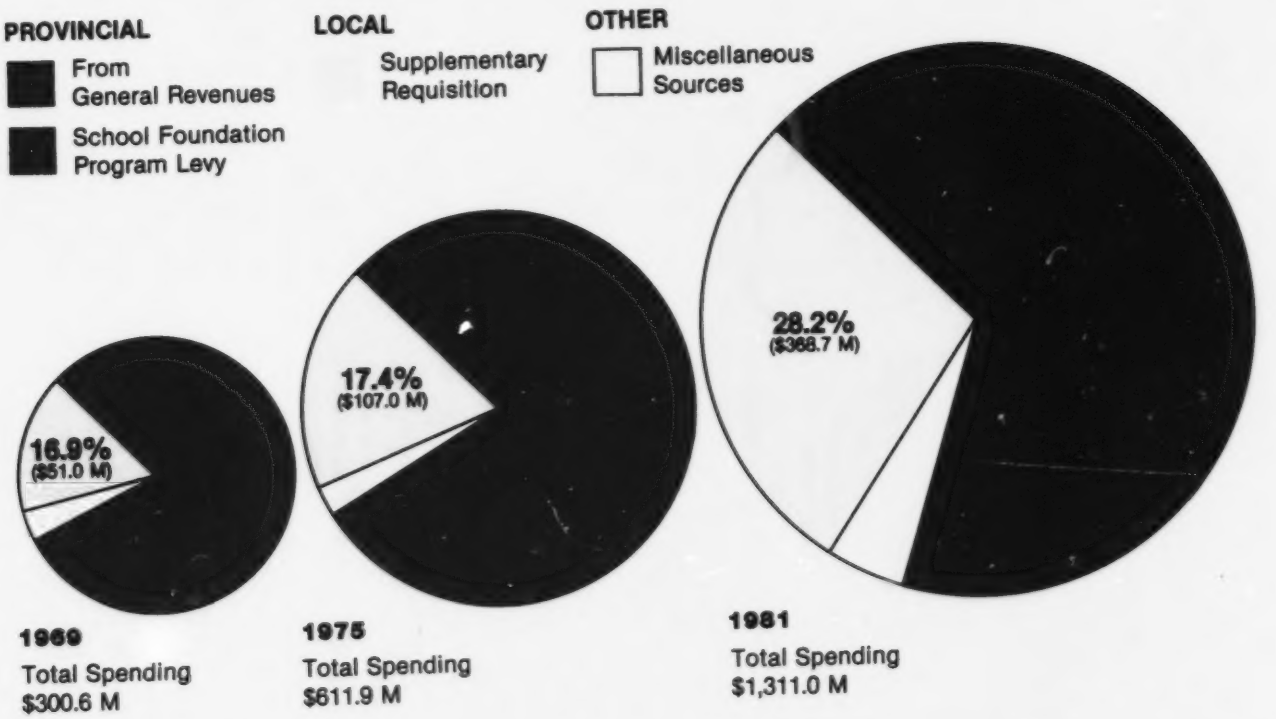
[1] In 1982 Alberta, only 19 out of 155 school boards will requisition to the maximum permitted under the regulations, and no public votes have been held on requisition by-laws during the past three years. Clearly, the Regulations Limiting Requisitions do not effectively limit school board requisitions.

Figure 3 **Provincial and Local Shares of Total School Costs**



3. LOCAL/PROVINCIAL SHARES OF TOTAL SCHOOLING COSTS

The provincial share of total schooling costs should be targeted towards providing an average of approximately 85% of the total expenditures of all school boards in the province, leaving an average of approximately 15% to be raised by local supplementary requisitions.

Notes:

i) This recommendation refers to average support. Some school jurisdictions might receive more or less than 85% support, depending on local decision-making, local wealth, and other relevant circumstances provided for in the grants systems.

ii) This statement of local/provincial cost sharing treats the proceeds from the School Foundation Program Fund levy as part of the provincial contribution to financial support.

iii) The 15% local share should be achieved as soon as possible.

DISTRIBUTION OF ASSESSMENT: A RELATED ISSUE

The capacity of a school jurisdiction to bear its fair share of total schooling costs depends in large part on its local assessment base. In recent years Alberta has made legislative changes to ensure a fairer distribution of commercial and industrial assessment between public and separate school jurisdictions. Under these changes, where the religious affiliation of a corporation is indeterminate (or undeclared), the assessed property valuation of that corporation is divided between the public and separate school jurisdictions on the basis of pupil enrolments. The result, in general, has been the enlargement of the assessment bases for separate school jurisdictions.

On the other hand, where religious affiliation of a *residential* property owner is undetermined, that owner's assessed property valuation is credited in full to the local public school jurisdiction. It may be that undeclared residential assessment should be shared between public and separate school jurisdictions on the basis of pupil enrolment, as is now done for undeclared corporate assessment.

The Task Force also noted considerable variation across the province in the size of local commercial and industrial assessment bases. Financial equity might be better served if all school jurisdictions had access to these substantial revenue sources.

4. and 5. DISTRIBUTION OF ASSESSMENT

4. Provincial authorities should pursue the objective of equitable distribution of tax assessment in all future revisions to legislation governing distribution of property taxes to support educational purposes.

5. The province should conduct a study to determine the feasibility of transferring from local to provincial control the total non-residential tax assessment for school tax purposes, for redistribution on a per pupil basis.

Notes on Recommendation #5:

i) Non-residential tax assessment is the assessment on industrial and commercial property upon which the supplementary requisition is levied.

ii) The Task Force notes that constitutional problems would be involved in such a change because in Alberta the separate school jurisdictions' access to this tax revenue is grounded in the statute law of the province and the constitution of Canada.

COST SHARE: FOUR ALTERNATIVE FORMULAE

Issues. As noted above, the provincial share of total schooling costs depends firstly on what the province sets as its education budget (grants to schools portion) and subsequently on what school boards choose to spend.

The Task Force's mandate was to consider not only how to improve the current school finance grants and granting systems, but also whether there might be better alternatives to the approaches currently employed in Alberta for distributing provincial grant monies.

Findings. Over the past 75 years, central funding agencies in North America have used four classic cost-sharing formulae to distribute financial resources fairly among constituent school jurisdictions. The central aid provided through these cost-sharing formulae is of essentially three types. "Minimum aid" is issued universally to all jurisdictions, usually on a flat-grant basis, in order to assist local authorities in providing some basic level of schooling services. "Equalization aid" is customarily designed to offset, in whole or in part, undue differences among school jurisdictions in their local ability to pay (that is, their local wealth or their capacity to raise local revenues). "Categorical aid" is intended to assist local school jurisdictions in providing special programs, either programs that the central funding agency wishes all school jurisdictions to provide or programs that local school jurisdictions must provide for students with special educational needs. The four cost-sharing formulae, called minimum foundation, guaranteed tax base, percentage equalizing, and (more recently) district power equalizing formulae, have two basic features in common:

1. They base the grants to which school jurisdictions are entitled directly on local school jurisdiction expenditures, and
2. They scale grants in relation to local school jurisdiction wealth; generally, the (relatively) richer a school jurisdiction, the less the unit grant to which it is entitled.

Many elements of these four traditional approaches to cost-sharing have already been incorporated into Alberta's school finance arrangements. The equivalent of "minimum aid" is provided through the School Foundation Program Fund. Each school jurisdiction qualifies for a flat per pupil amount for every student enroled in its schools. This instruction grant amount does not vary across the province and bears no relation to relative local wealth of the school jurisdiction. "Equalization aid" is provided for under the School Grants Regulations, in the form of the Supplementary Requisition Equalization Grant. Any school jurisdiction's entitlement to aid under the Supplementary Requisition Equalization Grant is determined according to relative local wealth (measured in terms of equalized assessed property evaluation per pupil) and relative local tax effort (local supplementary requisition rate). The School Grants Regulations also provide "categorical aid" in the form of Learning Disabilities Fund grants, the Educational Opportunities Fund, and a host of special education provisions.

The Task Force reviewed the implications of implementing the four classic cost-sharing formulae in Alberta. Each of the alternative cost-sharing approaches is more complex than Alberta's current arrangements. Also, because school jurisdictions have marked variations in size, wealth, and program scope, none of these approaches could be implemented in Alberta without restriction or qualification, such as regulating minimum and maximum grants. All four approaches emphasize only the cost or expenditures aspects of school financing at a time when there appears to be growing concern over educational programs (which underlie cost and expenditures). And finally, under the classic cost-sharing approaches (in their pure form), provincial grants are scaled only to relative local wealth, whereas any sound basic support scheme should also account for other factors such as size and different mixes of pupil needs.

Conclusions. On the basis of its findings the Task Force concludes that:

> There appear to be no outstanding advantages to any of the four classic cost-sharing formulae when compared with current funding arrangements in Alberta.

In summary, the Task Force has concluded that Alberta's current funding arrangements provide for the special school jurisdiction circumstances of size, wealth and educational need. The province accommodates variations in: *size* (economies of scale and inter-jurisdictional differences in overhead costs), through the basic support provisions of the School Foundation Program Fund and specific support provisions such as the Small School Assistance Grant and the Small School Jurisdiction

Grant; *wealth*, through the Supplementary Requisition Equalization Grant; and *educational need*, through categorical aid and Special Education Teaching Position grants, the Learning Disabilities Fund and the Educational Opportunities Fund.

However, although the School Grants Regulations allow for distribution of grant monies to reflect special local circumstances, in some cases the total amount of money distributed through various grants is inadequate. The Task Force suggests improvements in four grants in particular: the Small School Assistance Grant, the Small School Jurisdiction Grant, the Declining Enrolment Grant, and the Supplementary Requisition Equalization Grant.

Financial Equity: Providing for Special Financial Needs

SMALL SCHOOLS AND SMALL JURISDICTIONS

Present Grants. These grants partially compensate for the higher per pupil costs experienced where pupil enrolments are low.

The Small School Assistance Grant (SSAG), implemented in 1974, assists school jurisdictions having fewer than 6000 pupils and one or more small schools. However, in order not to encourage the continuation of unnecessarily small schools, the grant support level is low, and the compensation decreases below a peak for each of three divisions: elementary, junior high, and senior high. In elementary schools, for example, the compensation ranges from zero at 20 students per grade to a peak at 10 students per grade and drops down towards zero again as the number of students per grade decreases below 10.

The Small School Jurisdiction Grant (SSJG), which provides assistance to school jurisdictions serving fewer than 1500 pupils, ranges from a low of $22 for districts having 1499 pupils to a peak of $22,500 for districts of 500 pupils. Below an enrolment of 500 pupils the grant gradually drops down to zero.

Findings. The Task Force examined the extent to which small schools and small jurisdictions in the province of Alberta are being compensated for their high per pupil operational costs, as compared to other schools and jurisdictions.

In 1981 the average operating costs for small elementary schools were $638 more per pupil than the provincial average per elementary school pupil expenditure. The Small School Assistance Grant provided additional compensation to these small schools at an average of $122 per pupil in 1981. Similar circumstances prevailed for junior and senior high schools.

Small jurisdictions with an eligible enrolment count of less than 500 had average operating costs of $62 more per pupil than the provincial average per pupil operating costs for 1980. (The Small School Jurisdiction Grant partially compensated at an average of $41 per pupil.) Small jurisdictions with an eligible enrolment count of 500 to 999 had average operating costs of $308 more per pupil than the provincial average per pupil operating costs for 1980. (The Small School Jurisdiction Grant partially compensated at an average of $21 per pupil.)

Surprisingly, small jurisdictions with an eligible count of 1000 to 1499 had average operating costs of $248 less per pupil than the provincial average per pupil operating costs for 1980. (The Small School Jurisdiction Grant still compensated at an average of $5 per pupil.)

Issues. The Task Force agreed with the principle behind the Small School Assistance Grant but reviewed some problems related to its range. For example, school authorities in the sparsely populated "eastern corridor" region of Alberta had reported that if schools having fewer than 10 pupils per (elementary) grade could have the same grants as other small schools, they could hire a part-time teacher or aide to help with multi-grade situations. However, schooling costs in the smallest schools are inordinately high due to the low pupil-teacher ratio, and it is extremely difficult to meet instructional requirements in these multi-grade situations. For pupils in such circumstances, correspondence lessons probably would be a reasonable alternative. The Task Force observed that the number of small schools is increasing for two main reasons — declining population in rural areas and increasing numbers of Hutterian schools, which tend to be very small.

In their discussion of the Small School Jurisdiction Grant, Task Force members noted that school jurisdictions serving 1000-1499 pupils have unexpectedly lower per pupil costs than jurisdictions of any other size.

Conclusions. Despite the high costs of operating small schools, the Small School Assistance Grant should neither penalize nor reward exceptionally small schools. Regarding the Small School Jurisdiction Grant, jurisdictions serving over 1000 pupils do not appear to require special support.

6. SMALL SCHOOLS AND SMALL JURISDICTIONS

The Small School Assistance and Small School Jurisdiction Grants should be continued with the following provisions:

a) That the peak grants under the Small School Assistance Grant for each of the elementary, junior high, and senior high categories also be applied for enrolments below the peak.

b) That the Small School Jurisdiction Grant be continued only for jurisdictions with fewer than 1000 students.

DECLINING ENROLMENTS

The Task Force acknowledges that financial problems may exist in schools experiencing declining enrolments. The current Declining Enrolment Grant (DEG), implemented in 1975, provides school jurisdictions with a one-year adjustment period as they make an effort to reduce expenditures to match the declining provincial revenue which results from declining enrolment. (This decline in revenue occurs because a number of provincial grants are paid on a per pupil basis.) The Declining Enrolment Grant varies according to jurisdiction size and number of pupils lost, with declines below 1% being ineligible.

Findings. A number of difficulties occur in conjunction with declining enrolments. School jurisdictions experiencing declining enrolments cannot adjust expenditures downward immediately, while School Foundation Program Fund per pupil grants are reduced immediately.

In general, the smaller the jurisdiction as measured by total enrolment, the greater the difficulty in adjusting expenditure downward to match declining enrolment revenue losses. Some jurisdictions do not adjust at all, and some jurisdictions increase real expenditures in the face of declining enrolment revenue losses. Finally, jurisdictions with enrolment declines below 1% annually experience as much difficulty adjusting expenditures downward as do those with declines above 1%.

The Task Force noted that relative wealth of school jurisdictions is not a factor in the present declining enrolment funding formula; the Declining Enrolment Grant partially and temporarily compensates for revenue loss caused by declining enrolment, regardless of jurisdiction wealth. Also, the Declining Enrolment Grant does not apply when redrawing of jurisdictional boundaries results in loss of pupils.

Conclusion. The present Declining Enrolment Grant appears to meet the average school jurisdiction's requirements in the one-year transitional or adjustment period, but small declines, especially in small jurisdictions, are not provided for.

7. DECLINING ENROLMENTS

The Declining Enrolment Grant:

a) Should be maintained at current levels, plus inflation.

b) Should be amended to remove the 1% grant cut-off level, at least for small jurisdictions having fewer than 2250 pupils.

SUPPLEMENTARY REQUISITION EQUALIZATION GRANT

The Supplementary Requisition Equalization Grant extends the equalization principle of the School Foundation Program Fund to the local supplementary requisition by adding what is called a "guaranteed yield" component. In 1982 the Supplementary Requisition Equalization Grant guarantees a per pupil yield of about 62% of the average province-wide per pupil yield. This "average

yield" is calculated by dividing the total amount of tax revenue requisitioned by all school jurisdictions in the province by the number of pupils resident in all school jurisdictions.

The 1981 average province-wide per pupil yield from supplementary requisitions was $901. In 1981 the Supplementary Requisition Equalization Grant guaranteed $552 per pupil or about 62% of the province-wide average yield. In 1982 the province-wide average yield is estimated at $1130 per pupil. Since the 62% ratio was maintained in 1982, the Supplementary Requisition Equalization Grant currently guarantees a per pupil yield of $700.

Without the Supplementary Requisition Equalization Grant, taxpayers in poorer jurisdictions would face higher rates of taxation if they attempted to maintain educational services equivalent to those in wealthier jurisdictions. Increasing this grant to provide the province-wide average yield, instead of the present 62% of the average, would enable poorer jurisdictions to improve school programs. Increased financial capacity of poorer school jurisdictions would also tend to equalize taxpayer effort.

8. SUPPLEMENTARY REQUISITION EQUALIZATION GRANT

The Supplementary Requisition Equalization Grant should be increased to provide 100% of the province-wide average yield.

REGIONAL EDUCATION PRICE INDICES

Issues. School finance arrangements in Alberta take into account some of the most significant differences in costs to local school jurisdictions of providing necessary schooling services to their pupils. Increases in funding through grants as suggested above should make school finance arrangements at least as sound as they were when these grants were originally introduced. One factor is not accounted for explicitly — differences in the prices of goods and services which local school jurisdictions must purchase to educate students. In other words, are there systematic, persistent variations across the province in the real purchasing power of Alberta school boards? If so, should school finance arrangements in this province make explicit provision for these variations?

Alberta Education first developed the province-wide Education Price Index (EPI) in 1971 in support of the activities of the 1972 Minister's Advisory Committee on School Finance. Since that time, the province-wide index has been revised in 1978 and 1980. The Task Force reviewed the feasibility of using a similar approach to measuring differences in the prices of educational goods and services, but on a regional basis. They tried to establish whether there are any marked variations in real purchasing power from one region of Alberta to another. More importantly, the Task Force wished to determine whether a regionalized education price index could be used to adjust provincial grants from region to region to account for local price differences, including regional costs of teachers' salaries, salaries for non-certificated staff, and utilities costs.

Findings. The Task Force found that educational prices, as measured by the 1980 regional price indices, do appear to vary across the province. According to the *overall* Education Price Index (Calgary = 100, 1980), the lowest education prices prevail in the south, with the highest prices in northeastern Alberta, with a difference of about 4% overall. The one area of the province where popular opinion holds that education prices are the greatest — the northwest — reflects prices only slightly higher overall than those in the south. Either the overall regional indices are wrong, or popular opinion is unsupported.

Perhaps the key lies in the subindices of the Education Price Index: Instruction, Administration, Plant Operation and Maintenance, Transportation, and Debt Service. According to the subindices, northwestern Alberta faces the highest transportation prices and the third highest plant operation and maintenance prices in the province. At the same time, the region faces the lowest prices in the instruction and administration categories. The combined effect for the northwest is to produce an overall education price index lower than what most people would expect, and which masks more marked differences at the subindex (such as transportation) level.

Conclusions. The challenge for the school finance policy-maker is to decide whether the regional price differences — if the results of the

pricing study are judged to be accurate — should be compensated for, at least to a degree, by modifying on a regional basis grants payments to school jurisdictions experiencing the effects of prices higher than the provincial average. The Task Force concludes that modifying payments to school systems on the basis of the overall regional price index would be inadvisable because there are serious questions about the validity of the data upon which the preliminary results are based. Furthermore, grants adjustments based on overall price differences in regions would not compensate those school jurisdictions facing higher prices in some budget areas (such as transportation) but with a low price index overall.

9. REGIONAL EDUCATION PRICE INDICES

Provincial funding arrangements should not be changed to provide explicitly for adjustment of provincial aid on the basis of regional education price indices.

PUPIL GRANT WEIGHTING FACTORS

The Task Force reviewed the relative weights of per pupil instruction grants. Presently (1982) the School Foundation Program Fund uses weightings of 1.0 for elementary students, 1.05 for junior high school students, and 1.20 for senior high school students. These weightings are based on higher costs at the junior and senior high school levels due to the more varied programs, costlier instructional materials, and more highly paid teachers (because of the tendency of school boards to employ more experienced and highly trained teachers at the secondary school level).

The intent of the change in the weighting factors following 1973 was to encourage relatively more spending at the lower grade levels, as well as to reflect actual expenditure patterns to some extent. Since 1978, not only have grant weighting factors remained unchanged, but actual per pupil instruction spending patterns have stayed the same; junior high per pupil spending has been 5% higher than elementary per pupil spending; senior high, 14% higher.

The Task Force is of the view that there may be some advantage in simplifying the instruction grants weighting system, by equating the junior high and senior high weighting factors.

10. PUPIL GRANT WEIGHTING FACTORS

The per pupil weights in the School Foundation Program Fund grants, Part A, should be set at 1.0 for elementary students (Grades 1 to 6) and 1.1 for junior and senior high students (Grades 7 to 12).

TEACHER INSERVICE EDUCATION COSTS

Up to 1982, inservice has been a matter between employer and employee, but the province has provided some Alberta Education staff assistance and materials. The province provided $2.8 million for inservice related to the revised social studies program and is presently examining a proposal for inservice in the new computer technology project.

The Task Force reviewed a proposal from the Tripartite Committee on Inservice Education. This Committee — which had representatives from Alberta Education, the Alberta School Trustees' Association and The Alberta Teachers' Association — proposed that when any new or revised curricular program is developed, provision should be made for putting the new or revised program in place. There should be a plan for inservice education of teachers and also funding for the costs incurred. Provincial and local authorities should share the financial responsibility for inservice education. The province should make a substantial contribution, particularly when the province is the source of the curricular change. If the province does not support inservice costs when it initiates a new program, local school jurisdictions face either unanticipated inservice expenses or poorly implemented program changes. The teachers responsible for delivering new curriculum to students are at a disadvantage if they have not had opportunities to familiarize themselves with the new program requirements.

Although the Task Force endorses an expanded provincial role in funding inservice, particularly when new provincially mandated programs are involved, it is assumed that teachers will continue to make a significant financial contribution to their own professional development.

11. TEACHER INSERVICE

Alberta Education should adopt the model for financing inservice education proposed by the Tripartite Committee on Inservice Education in October 1980.

Note: The implementation model for the revised social studies program, as proposed by the Tripartite Committee, is applicable to other new programs, except that the cost factors would vary according to the needs of the program.

POPULATION DENSITY

The Task Force speculated about whether a single plan, with special provisions for regions with low population density, was the best approach to financing education in Alberta. Perhaps it would be better to have two or more plans suited to the different demographic conditions and heterogeneous environment in Alberta. Believing that a future finance plan might be tailored to the extreme variations in population density of school jurisdictions in the province, the Task Force recommends further study.

12. POPULATION DENSITY STUDY

The province should undertake the task of developing density profiles by jurisdiction, clusters of jurisdictions, and student and general populations; providing directional projections by clusters of increasing, stable, and decreasing enrolments; and identifying potential implications for costs and funding.

Note: This study would determine whether systematic relationships exist between school jurisdiction population density and the necessary costs of schooling, and would identify the implications for Alberta's school finance arrangements.

Principle 2. Educational Program and School Finance

An Alberta school finance plan should be designed to achieve an educational program which may be defined as the province's educational plan.

LINKING SCHOOL PROGRAM TO A SCHOOL FINANCE PLAN

This second principle suggests that there should be some discernible relationship between the school programs a school jurisdiction provides or is required to provide and what funds the jurisdiction is entitled to receive from the province.

Several grants under the School Grants Regulations, such as the Small School Assistance Grant, have a relatively clear relationship to the school program they are intended to fund. On the other hand, how schools should make use of money from the School Foundation Program Fund for instructional purposes is less clearly delineated. Standards for the provision of human resources tend not to be defined. Curriculum requirements vary. Pupil program requirements are well defined at the elementary level, less well defined at the junior high level, and characterized by much diversity at the senior high level.

As a result of this rather tenuous link between the school program and the school finance plan, one could argue that the province funds school jurisdictions on the general basis of the costs the jurisdictions have incurred or might incur. Here again, however, there are no distinct or direct relationships between provincial revenues (grants under the School Foundation Program Fund) and local costs.

Besides the lack of explicit definition of school programs in provincial documents such as the programs of studies and the *Junior-Senior High School Handbook*, very little information has been

available on what programs are actually being offered in various regions of the province. Even less information is available on possible reasons for variations in school programs. The 1975 Minister's Advisory Committee on School Finance stated that it lacked information on whether or not financial efforts designed to enable all jurisdictions to offer a wide variety of school subjects had been successful. The committee, wishing to discover both what exists and what ought to exist, made two recommendations to that end: first, that a program services inventory be constructed, and second, that the Education Price Index be updated yearly.

School evaluations filed by Alberta Education consultants, and official forms completed by schools, report the subjects taught in individual schools and compare the scope of programs in different schools in terms of subjects taught, numbers of courses offered, and instructional time scheduled for specific subject areas. This information is of minimal value, however, in explaining why variations in school program occur.

There are substantial differences among school jurisdictions in terms of curricular program offerings at the senior high school level. A 1981 study[1] showed that the greater the number of senior high school students in a jurisdiction, the more extensive the school program at all grade levels. There is a relationship between how much programming is provided and the kind of school jurisdiction: public school districts, counties, and divisions generally provide a more complete program than separate school districts. Third, the greater the proportion of local budget spent on transportation, the more limited the instructional program. The fourth important variable is the ratio of grants received under the School Grants Regulations to total revenue of the jurisdiction. Systems making the most use, proportionately, of compensatory and other special grants tend to have more limited programs. (This does not mean that the grants are the cause of the limited programs; schools would be offering even more limited programs without the grants.) In summary, some Alberta school jurisdictions offer a great deal more programming (number and variety of courses) for Grades 1 to 12 than other jurisdictions. The most variation occurs in senior high school vocational, business, and fine arts courses.

As noted on page 12, the present Task Force found that, even though geography and jurisdictional wealth are factors, some small school jurisdictions in Alberta offer limited programs principally because parents and the community prefer a small local school to a larger consolidated school. (This choice occurs particularly often in the case of Roman Catholic separate school districts.)

Issues. In recommending an appropriate school finance plan for Alberta, the Task Force was constantly aware that changes in funding would likely affect local school programs. Clearly, the impact of the school finance plan on the educational program is a central and fundamental concern; yet this concern has proven to be difficult to address. There is a lack of information about school programs, in part because little research has been done, but mainly because in Alberta the school program is defined very loosely, and deliberately so, in order that considerable local autonomy may exist.

The Task Force attempted to define "basic education" as some core or minimum part of the school program that the province could fund fully. However, what is considered basic today is much greater than it was 20 or 30 years ago, and these continual changes in public expectations make it difficult to permanently define the term "basic education". Today, for example, classes for handicapped children and vocational education are probably considered basic, and tomorrow computer literacy may have the same status.

Conclusion. Since extensive study and discussion failed to illuminate the issue, the Task Force was unable to arrive at an acceptable definition of "basic education" in relation to a financial plan.

As a consequence of this conclusion, the Task Force suggests an operational definition: the provincial educational program is what is happening in the schools now. It is a function of provincial requirements, school board desires and local community aspirations, geography, and availability of financial resources. Consequently, individual school jurisdictions are permitted a great deal of freedom and flexibility. The educational plan for Alberta is a

[1]Lloyd Symyrozum, "Measuring the Scope and Depth of Alberta School Programs, *Financing K-12 Schooling in Alberta: Stage 1* (Alberta Education, 1981).

"multitude of plans." This situation is intentional and consistent with the whole history of local autonomy in Alberta. While the Task Force did not define "basic education" in relation to the school finance plan, it did identify an "Alberta educational plan" which is variable. After extensive study the Task Force has concluded that Principle 2 should be interpreted in the light of what programs the schools are actually offering. The Task Force's recommendations are directed towards enhancing school programs and increasing their accessibility for all school jurisdictions without unduly prescribing what these programs should be.

Principle 3. Leadership

An Alberta school finance plan should provide monies for development grants and in support of selected programs over and above the basic level of the plan, in order to provide leadership towards the improvement of educational services.

The third principle, "providing leadership towards the improvement of educational services," is exemplified by current Alberta Education activities in language immersion, computer technology, and energy conservation, as well as various projects financed through the Educational Opportunities Fund. Such projects provide special funds, usually for a short term, to encourage school jurisdictions to experiment and innovate in their school programs. This principle focuses on the province's responsibility for charting new directions; it recognizes at the same time that local school jurisdictions have a similar responsibility to innovate.

Language Immersion

Although the Task Force did not study the provincial government's leadership role in general, it did take note of an area in which the province has displayed considerable initiative — language immersion programs. Language immersion programs are offered at the discretion of the local school jurisdiction. The province passes on federal funds for French/English bilingual education to local school boards and has kept language immersion grants at the same level despite the fact that federal funding has been cut by one-third.

Language immersion programs expanded substantially during the 1970s and are currently the fastest growing areas in terms of program development and enrolment. At the same time, costs per student have been increasing dramatically. For example, transportation costs are greater because students come from widely dispersed areas; accordingly the provincial transportation grant for urban students in language programs is $365 per student annually instead of the regular urban grant of $154 per student.

Although it could not produce a report during its term of office, the Task Force was interested in anticipating future funding needs of language immersion programs.

13. LANGUAGE IMMERSION STUDY

Alberta education should undertake a study of the future needs and impacts of language immersion programs on school systems, in terms of fiscal resources required.

Principle 4. Diversity of Revenue Sources

An Alberta school finance plan should provide for a diversity of revenue sources.

Principle 4, "diversity of revenue sources," refers to both the local and provincial dimensions of funding.

This principle is based on two premises:

1. Since all sectors of society benefit from education, they should all make some financial contribution; no one type of tax or no single tax base should provide the bulk of revenues for funding schooling.
2. Revenue allocated to education should be adequate, responsive to varying economic circumstances, and commensurate with the growth in educational costs.

Currently, educational expenditure in Alberta is supported by fairly diverse revenue sources. The School Foundation Program Fund finances about 51% of total expenditure for schooling while other provincial grants paid under the School Grants Regulations (such as support for specific programs and unique local conditions) provide for roughly 15%. Behind these two sources, which satisfy a major portion of educational expenditure requirements, is a full complement of provincial revenue sources ranging from non-renewable resources revenue to minor fees and licenses, as well as revenue from taxation on commercial and industrial property (in the case of the School Foundation Program Fund).

Supplementary requisitions on the local property tax base finance about 29% of educational expenditure, while miscellaneous revenue, such as special federal funding and student fees and rentals, contributes about 5%.

Although provincial revenue supporting education is derived from diverse sources, local school boards must raise the difference between their total revenue requirements and provincial grants through only one source — a supplementary requisition on real property (residential, commercial, and industrial). The property tax has longstanding acceptance as a means of financing education because it has many advantages. The tax rate is flexible and easily set, the public understands it, and it is relatively easy to collect. Some disadvantages are that it taxes only one type of wealth and has a limited degree of responsiveness to expenditure requirements. Also, because municipal agencies collect the property tax levied by school boards, the public is not always aware of which body is levying the tax, and accountability of the school board is called into question.

In response to growing concern about rapid increases in supplementary requisitions, the Task Force explored other forms of taxation which might be helpful at the local level. The Task Force concluded, however, that other forms of taxation all have serious disadvantages as sources of revenue for financing education. Many of these other types of taxation have substantial, undesirable effects outside the jurisdiction in which they are levied. For instance, if a small jurisdiction levies a sales tax, shoppers can go outside the jurisdiction to make purchases; and if income tax is levied, people can move income outside the jurisdiction. In most cases these taxes would have to be collected by a central agency, pooled, and redistributed in order to be equitable. However, this approach would tend to defeat the purpose of providing local school boards with an independent source of revenue and encouraging the accountability of school boards to their electorate.

Conclusion. After reviewing a series of alternative tax bases such as sales tax, gasoline tax, and paid-up capital tax, the Task Force concludes that:

> There is no obvious or acceptable tax source which would be an appropriate revenue-raising tool for individual school boards, either as a significant supplement to or substitute for property taxation.

Principles 5, 6 and 7. Local Control

An Alberta school finance plan should:

5. Recognize the importance of autonomy for, and accountability of, local school authorities.

6. Avoid infringement on local choice of method of program delivery.

7. Allow local school jurisdictions the opportunity to raise money for the financing of public education when such financing is not provided for in the provincial plan of school support.

Principles 5, 6 and 7, "autonomy for and accountability of local school authorities," "local choice of method of program delivery," and "local opportunity to raise money for financing public education," stress that authority over school programs and expenditures should be placed as close as possible to the local community. The province should avoid undue restriction of local school jurisdictions in choosing alternative program delivery methods, and allow local school jurisdictions to levy local supplementary requisitions for educational purposes. Having met provincial requirements, a local school jurisdiction should be free to determine the quality, quantity, and design of its program. The mention of accountability in Principle 5 is intended as a reminder that local jurisdictions must balance rights with responsibilities. Freedom to make choices locally of course includes responsibility for making effective use of resources, and ultimately, accountability to the local electors.

The provincial funding system in Alberta provides for a considerable amount of local autonomy. Basic support through the School Foundation Program Fund provides local jurisdictions with freedom of choice concerning such matters as organization for instruction, quality and quantity of human resources employed, and calibre of school facilities and transportation services. Many programs under the School Grants Regulations such as the Educational Opportunities and Learning Disabilities Funds do not explicitly dictate a mode of delivery. The extent of local autonomy in selection of program content varies considerably across grade levels and subject areas.

Local Supplementary Requisitions

Present Situation. Alberta school jurisdictions have the right to levy local real property taxes for educational purposes, and they exercise this right. In 1981, almost 29% of total educational revenue was raised through supplementary requisitions.

Provincial regulations currently restrict school board requisitions in any one year to the previous year's maximum plus some standard allowable increase. Usually the maximum is defined in terms of a requisition mill rate, and the allowable increase or "escalation factor" is expressed in percentage terms. The escalation factor for 1982 is 11%. At first glance these provisions suggest that school board requisitions in 1982 will be 11% more than in 1981. However, beyond increases in the requisition rate itself, there are also increases in the property assessment against which the allowable requisition rate is applied — through inflation, real growth in the assessment base, and changed assessment practices Thus, the effective year-to-year increase in school board requisitions is compounded. While the 1982 escalation factor is 11%, estimates are that 1982 requisitions are actually about 28% higher than they were in 1981.

Provincial regulations also provide that a school board may requisition beyond the authorized increases unless challenged by ratepayer petitions opposing the proposed tax increases. If there is a petition, the school board must obtain approval of the requisition by-law by plebiscite.

Conclusions. In keeping with the principle of local autonomy, the Task Force believes that school boards should be free to impose local levies without external constraints; school boards should have the same powers as any other local government. Current provincial controls are not only discriminatory but also suggest that school boards are less financially responsible than other governments. There is no evidence to support such a view.

Those elected to local office should be free to make decisions within the limits of their legal responsibility without being required to refer to their electorate or to any other body. Elected officials, including school board members, are already accountable in that they must justify their policies at election time.

The Task Force therefore concludes that provincial controls on school board supplementary requisitions are inappropriate.

14. LOCAL SUPPLEMENTARY REQUISITIONS

The provincial controls on school board supplementary requisitions should be removed.

Program Delivery

Principle 6, "local choice of method of program delivery," is a new principle which did not appear in the 1975 Task Force report. By endorsing this principle, Task Force members wish to stress that the formula for a grant should not be written to favor one delivery approach over another. One school board might wish to use educational media while another might prefer to rely on traditional techniques. Although the present special education grants formula does not specifically state how the program should be delivered, the teaching position grant implies a specifically identified position and program, thus discouraging schools from considering integration into regular school programs as an option for some special education pupils. The new per pupil special education funding proposal, which this Task Force endorses (see pp. 10-11), is "program delivery neutral."

The Task Force wished to suggest by this principle that grants should supply money for provision of the service but not dictate how the service is to be provided.

Adequacy of Funding

A major concern of school authorities, and of this Task Force, is achieving educational objectives without overburdening the taxpayers. The Task Force discussed alternative sources of revenue for schools, but found that the traditional sources of real property tax and general provincial revenues still seem to be the only practicable ones.

The Task Force also reviewed adequacy of funding and recommends increased funding in several areas. The Task Force recommends that the provincial share of schooling costs be an average of approximately 85% of total school board expenditures, which is a considerably higher share than presently exists. The recommended special education program states that provincial financial support percentages should be improved so that average local costs of support for handicapped pupils are no higher than for other pupils in that jurisdiction. Also, the Task Force recommends increased funding for industrial/work experience/business education programs. Pupil transportation is another area which received some attention in terms of adequacy of funding.

Pupil Transportation

The provincial share of transportation costs has greatly decreased since 1976, with the result that local school jurisdictions must finance a large portion of pupil transportation costs. In Alberta these costs vary greatly from one school jurisdiction to the next, and many of the reasons for these costs are beyond the control of local jurisdictions.

Present Funding. Under the present provincial funding program, all school jurisdictions are eligible for a transportation grant if a pupil resides at least 2.4 km from the school designated by the board for the pupil to attend. (This distance requirement does not apply to handicapped pupils.) Urban jurisdictions in Alberta receive a flat grant per eligible pupil per year

for transportation costs ($154 in 1982). The funding system for rural jurisdictions is more complex. Grants are determined per school bus per day with adjustments for size of buses, rate of occupancy of buses, and distances the buses travel.

All jurisdictions also receive special support grants for conveyance of handicapped pupils, Early Childhood Services children, and pupils attending a language program authorized under Section 150 of The School Act. There are grants for conveyance by parents and boarding allowance grants when a pupil must reside away from home to attend school.

Findings. School jurisdictions strongly endorse the basic structure of the current (1982) plan but recommend changes in the amounts of funding because the provincial contribution to transportation costs is not keeping pace with rising costs. Prior to the introduction of the current transportation plan in 1975, the provincial government had been funding on the basis of a three-year average of recognized transportation expenditures. The result was an average provincial support level of about 90%. However, this expenditure-driven model proved unsatisfactory since local jurisdictions had little or no motivation to use funds as efficiently as possible.

Within a year of the introduction of the current transportation grants formula, many boards were able to maintain 80 to 90% recovery by making fleet and route changes which reduced costs. However, over the last five years (1976-1981) provincial support has fallen to approximately 70% of the recognized cost of transportation. This reduced support can be directly traced to the escalating real costs of transportation (fuel, labor and repairs) which have been well in excess of "normal" inflationary increases. Since provincial transportation grant increases have been tied to "normal" inflationary increases in the instructional budget, the gap between provincial funding and local costs has continued to widen. The following chart summarizes the 1981 situation.

Table 3
Provincial Support of Pupil Transportation, 1981

TYPE OF TRANSPORTATION	RECOGNIZED REGULAR BUSING EXPENDITURES ($ Millions)	REGULAR PROVINCIAL SUPPORT ($ Millions) (Average %)	
Urban	$12.2	$ 8.3	(68%)
Rural	$50.8	$36.1	(71%)
Special Education	$ 3.7	$ 2.5	(68%)
Totals	**$66.7**	**$46.9**	**(70%)**

Issues. The Task Force considered the question of setting the provincial share of transportation costs at a certain level in order to reduce financial disparities among jurisdictions. Some people would contend, however, that even 100% provincial funding would not automatically produce equality. Provincial funding at the 100% level could also have negative effects on local autonomy and especially on efficiency and initiative.

There are several arguments to support reductions in pupil transportation funding. Recent school jurisdiction evaluations have found that the most important considerations for effective schools are strong administrative leadership, clear curricular expectations, and caring instructional staff. In other words, the human element seems to be more significant in pupil learning than are resources such as transportation. Other arguments are that alternatives to busing such as distance education might be more desirable, or that parents (who to some extent choose where they live) perhaps should take some responsibility for transportation costs.

Nevertheless, getting the student to the school door is a practical necessity that concerns most school jurisdictions. Because costs are great and economic constraints are increasing, creating greater efficiency in pupil transportation with attendant monitoring is a major concern.

In the interest of efficient use of funds, it is important to re-examine elements of the transportation funding plan on a regular basis. The provincial government might consider alternatives to the present system, such as use of purple gas, conversion to propane or liquefied natural gas, combining separate and public school busing in some areas, or provincial purchasing of bus fleets. Assigning priorities to certain categories of students, such as small children or the handicapped, could

also assist school jurisdictions when they must reduce transportation costs.

15. PUPIL TRANSPORTATION

The general principles of the current transportation grants formula should continue to be supported, with the following modifications:

a) The establishment of a provincial support level of 85%.

b) Maintenance of this support level through increased funding and efficiency measures.

Notes on Recommendation #15:

i) This recommendation applies to the transportation grants formula for Grades 1 to 12. The Task Force discussed the possibility of including Early Childhood Services in the funding proposal, but instead proposed only that the question of combining Early Childhood Services support with the School Foundation Program Fund be considered (see below).

ii) The 85% support level refers to 85% of allowable costs.

Reducing the Complexity of the Funding Program

The Task Force was interested in developing a school finance plan which conformed to the principles of equal opportunities for schooling, financial equity and local autonomy, but which also made the best possible use of available manpower and funds. The school finance arrangements should be as simple and efficient as possible, so that claiming the grants and preparing a budget does not become an overly complex task. One method of achieving simplicity and efficiency is to keep the number of different provincial grants to a minimum and avoid duplication of purpose and excessive regulations about the administration and distribution of funds. At the local level, efficiency might also be served through adjustments in the method of collecting and distributing local property taxes.

Simplifying the Grants Formulae

The Task Force examined whether it would be feasible and/or desirable to reduce the number of provincial grants for education, either by combining certain special grants with the School Foundation Program Fund instruction grants or by other methods.

Interested individuals and organizations, including the 1972 and 1975 Minister's Advisory Committees on School Finance, have recommended simplifying the grants structure. Some changes have been made, but the number of grants under the School Grants Regulations has continued to increase. It seems reasonable therefore that further changes be made, provided that the changes promote both educational and financial objectives.

The Task Force found that the current grants can be classified into groups according to their focus of support, their purpose, or the basis upon which they are paid (for example, per pupil). Since this is the case, the deletion or phasing out of certain grants as well as the combining of certain grants should be possible. For example, all grants which are calculated on a per pupil basis could be combined with the School Foundation Program Fund, since it is also on a per pupil basis.

The Task Force was particularly concerned, however, that any move towards simplifying the grants formulae be made only if the purposes of the original grants could still be fulfilled. The recommended changes are intended merely to simplify procedures and not to reduce the financial benefit to individual school jurisdictions.

16. EARLY CHILDHOOD SERVICES SUPPORT

Alberta Education should initiate a research study to examine the feasibility, desirability and implications of combining Early Childhood Services support with the School Foundation Program Fund.

17. SIMPLIFYING THE GRANTS FORMULAE

Relative to combining or terminating grants, Alberta Education should:

a) *Combine Canada Pension Plan allowances and Reading Materials Grants with School Foundation Program Fund instruction grants.*

b) *Combine the Learning Disabilities Fund with either the proposed special education per pupil grants (see pp. 10-11) or the School Foundation Program Fund grants, whichever is deemed more advisable.*

c) *Combine the 3% administration grant in the School Foundation Program Fund with other School Foundation Program Fund grants.*

d) *Combine support for the elementary and junior high component of the Educational Opportunities Fund with the School Foundation Program Fund.*

Note: The compensatory component of the Educational Opportunities Fund would continue separately. This component provides assistance to jurisdictions having a number of pupils who have special cultural or economic needs.

e) *Terminate the Corporate Assessment Grant in 1984, as stated in current policy.*

Note: From 1980 to 1984 the province was to provide funding to public school jurisdictions to ease the decrease in amounts received from undeclared corporate assessment. Since 1980, separate school jurisdictions receive a share of undeclared corporate assessment on the basis of the number of pupils they serve (see p. 15).

f) *Terminate Establishment Grants and the Vocational Education option grant, Section 10(3).*

Note: The discontinuation of this option grant does not affect regular vocational education grants in any way but merely eliminates an optional claiming process.

g) *For the purpose of day extension grants, consider students under the age of 21 as pupils under the School Foundation Program Fund.*

h) *Combine the Teacher Housing Unit Grant with the Location Allowance.*

Note: Jurisdictions receiving location allowances (which cover costs to school boards for placing a teacher in a remote or isolated area) are also eligible for Teacher Housing Unit Grants. The Location Allowance will have to continue separately for those instances where no Teacher Housing Unit Grant is involved but a teacher receives location expenses.

Efficiency at the Local Level

Task Force representatives of municipal authorities reported difficulties in paying school board requisitions in the spring prior to the annual tax billing. To avoid the high costs of borrowing to fund school systems, the municipal authorities would prefer interim tax billing on a quarterly or monthly basis.

The Task Force also discussed how better working relationships between school and municipal authorities could be promoted, in order that the funds could be used as effectively as possible.

18. and 19. EFFICIENCY AT THE LOCAL LEVEL

18. To help solve the problems that municipal authorities encounter in meeting the statutory deadlines for school board requisitions, the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties should be supported in their

request for changes in legislation to permit interim tax billing.

19. Alberta Education and Alberta Municipal Affairs should cooperate in encouraging positive working relationships between local school authorities and local municipal authorities in order to ensure the efficient and effective expenditure of tax dollars.

CHAPTER IV

SUMMARY OF RECOMMENDATIONS

In this report the Task Force presents its recommendations in relationship to seven principles of school finance. The Task Force wishes to emphasize, however, that all of the recommendations are not equally significant in terms of their implications for Alberta school boards. For example, recommendations dealing with general support through the School Foundation Program Fund concern all school jurisdictions while recommendations on the grants for small schools or declining enrolments are important for only some. The funding of pupil transportation clearly has a higher priority than those subjects on which the Task Force suggests further study. Accordingly, the Task Force has assigned priorities to its recommendations by placing them in four categories, as indicated in Table 4. (In the summary of this report, the Task Force presents its recommendations according to these priorities, instead of by numbered principles.)

Table 4

School Finance Task Force Recommendations, 1982

I. FIRST PRIORITY:

RECOMMENDATIONS HAVING GENERAL IMPACT AND/OR INVOLVING SUBSTANTIAL GENERAL FUNDING

Local/Provincial Shares of Total Schooling Costs

The provincial share of total schooling costs should be targeted towards providing an average of approximately 85% of the total expenditures of all school boards in the province, leaving an average of approximately 15% to be raised by local supplementary requisitions (#3).

Distribution of Assessment

Provincial authorities should pursue the objective of equitable distribution of tax assessment in all future revisions to legislation governing distribution of property taxes to support educational purposes (#4).

Local Supplementary Requisitions

The provincial controls on school board supplementary requisitions should be removed (#14).

Supplementary Requisition Equalization Grant

The Supplementary Requisition Equalization Grant should be increased to provide 100% of the province-wide average yield (#8).

Pupil Grant Weighting Factors

The per pupil weights in the School Foundation Program Fund grants, Part A, should be set at 1.0 for elementary students (Grades 1 to 6) and 1.1 for junior and senior high students (Grades 7 to 12) (#10).

Pupil Transportation

The general principles of the current transportation grants formula should continue to be supported, with the following modifications:

a) The establishment of a provincial support level of 85%, and

b) Maintenance of this support level through increased funding and efficiency measures (#15).

II. SECOND PRIORITY:

RECOMMENDATIONS ABOUT PARTICULAR PROGRAM GRANTS

Special Education

A simplified special education program should be introduced to reduce funding disparities among jurisdictions, reduce administrative complexity, eliminate the Special Education Teaching Position funding method, and promote local autonomy in developing and using a wide variety of program delivery approaches.

II. SECOND PRIORITY (Con't.):

Specifically, the special education program should:

a) Provide a *common per pupil means of payment* based on three categories of handicap for both Early Childhood Services and Grades 1 to 12; Level I (moderate), Level II (severe), and Level III (very severe),

b) Improve provincial financial support percentages for handicapped pupils so that average local costs for handicapped pupils in various categories are no higher than for other pupils in that jurisdiction,

c) Reduce waiting lists by increasing the numbers of handicapped children served (over a three-year period), and

d) Continue to utilize the Program Unit Grant for the most severely handicapped children (#1).

Industrial Education, Work Experience, and Business Education Costs

New funding initiatives for industrial, work experience, and business education should be introduced to:

a) Fund Industrial Education 10, 20 and 30 courses at one-half the rate per credit of vocational courses,

b) Fund Work Experience 15, 25 and 35 courses at one-half the rate per credit of vocational courses, and

c) Create a capital funding program to update equipment for business education (#2).

Small Schools and Small Jurisdictions

The Small School Assistance and Small School Jurisdiction Grants should be continued with the following provisions:

a) That the peak grants under the Small School Assistance Grant for each of the elementary, junior high, and senior high categories also be applied for enrolments below the peak, and

b) That the Small School Jurisdiction Grant be continued only for jurisdictions with fewer than 1000 students (#6).

Declining Enrolments

The Declining Enrolment Grant:

a) Should be maintained at current levels, plus inflation, and

b) Should be amended to remove the 1% grant cut-off level, at least for small jurisdictions having fewer than 2250 pupils (#7).

Table 4

School Finance Task Force Recommendations, 1982 (Cont'd)

III. THIRD PRIORITY:

RECOMMENDATIONS ON OTHER ELEMENTS DIRECTLY RELATED TO THE SCHOOL FINANCE PLAN

Regional Education Price Indices

Provincial funding arrangements should not be changed to provide explicitly for adjustment of provincial aid on the basis of regional education price indices (#9).

Teacher Inservice

Alberta Education should adopt the model for financing inservice education proposed by the Tripartite Committee on Inservice Education in October 1980 (#11).

Simplifying the Grants Formulae

Relative to combining or terminating grants, Alberta Education should:

a) Combine Canada Pension Plan allowances and Reading Materials Grants with School Foundation Program Fund instruction grants,

b) Combine the Learning Disabilities Fund with either the proposed special education per pupil grants or the School Foundation Program Fund grants, whichever is deemed more advisable,

c) Combine the 3% administration grant in the School Foundation Program Fund with other School Foundation Program Fund grants,

d) Combine support for the elementary and junior high component of the Educational Opportunities Fund with the School Foundation Program Fund,

e) Terminate the Corporate Assessment Grant in 1984, as stated in current policy,

f) Terminate Establishment Grants and the Vocational Education option grant, Section 10(3),

g) For the purpose of day extension grants, consider students under the age of 21 as pupils under the School Foundation Program Fund, and

h) Combine the Teacher Housing Unit Grant with the Location Allowance (#17).

IV. FOURTH PRIORITY:

RECOMMENDATIONS FOR FURTHER STUDY AND GENERAL COMMENDATIONS

Distribution of Assessment Study

The province should conduct a study to determine the feasibility of transferring from local to provincial control the total non-residential tax assessment for school purposes, for redistribution on a per pupil basis (#5).

Population Density Study

The province should undertake the task of developing density profiles by jurisdictions, clusters of jurisdictions, and student and general populations; providing directional projections by clusters of increasing, stable and decreasing enrolments; and identifying potential implications for costs and funding (#12).

Language Immersion Study

Alberta Education should undertake a study of the future needs and impacts of language immersion programs on school systems, in terms of fiscal resources required (#13).

Study of Early Childhood Services Support

Alberta Education should initiate a research study to examine the feasibility, desirability, and implications of combining Early Childhood Services support with the School Foundation Program Fund (#16).

Efficiency at the Local Level

To help solve the problems that municipal authorities encounter in meeting the statutory deadlines for school board requisitions, the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties should be supported in their request for changes in legislation to permit interim tax billing (#18).

Alberta Education and Alberta Municipal Affairs should cooperate in encouraging positive working relationships between local school authorities and local municipal authorities in order to ensure the efficient and effective expenditure of tax dollars (#19).

SELECTED BIBLIOGRAPHY

Alberta Education

1981 *Financing K-12 Schooling in Alberta: Stage 1.* Edmonton, Alberta: September 1981

1978 *The Goals of Basic Education for Alberta.* Edmonton, Alberta.

1975 *Minister's Advisory Committee on School Finance: 1975 Report.* Edmonton, Alberta.

1969 *Report of the Minister's Advisory Committee on School Finance.* October 1969

1972 *Report of the Minister's Advisory Committee on School Finance.* June 1972

Burbules, Nicholas C., Brian T. Lord, and Ann L. Sherman.

1982 "Equity, Equal Opportunity and Education," *Educational Evaluation and Policy Analysis,* 4(2): 169-187, Summer 1982.

Good, C.V. (Ed.)

1973 *Dictionary of Education.* New York: McGraw-Hill, 1973.

Guthrie, James W. (Ed.)

1980 *School Finance Policies and Practices.* Cambridge: Ballinger Publishing, 1980.

McMahon, Walter W. and Terry G. Geske (Eds.)

1982 *Financing Education: Overcoming Inefficiency and Inequity.* Chicago: University of Illinois, 1982.

Meek, J. Collins

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Symyrozum, Lloyd E.

1981 *A Study of the Relationships Between Education Program Levels in Alberta School Systems and Selected Measures of Fiscal Variables.* Unpublished doctoral dissertation. Edmonton: University of Alberta, 1981.

APPENDIX A
Ministerial Order Establishing the School Finance Task Force
Government of Alberta
Department of Education

I, David King, Minister of Education, pursuant to section 6 of The Department of Education Act, make the Order in the attached Appendix, being the Task Force on Financing K-12 Schooling in Alberta Committee Order.

DATED at Edmonton, Alberta, June 12th, 1981.

The Department of Education Act
Task Force on Financing K-12 Schooling in Alberta — Committee Order

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1. The Task Force on Financing K-12 Schooling in Alberta in this Order called the "Committee"; is hereby established to perform the duties and functions prescribed in section 5.

2. (1) The Committee shall consist of the following thirteen members:
   (a) a representative from The Alberta Teachers' Association;
   (b) two (2) representatives from the Alberta School Trustees' Association;
   (c) a representative from the School Business Officials of Alberta;
   (d) a representative from the Conference of Alberta School Superintendents;
   (e) a representative from the Alberta Urban Municipalities Association;
   (f) a representative from the Alberta Association of Municipal Districts and Counties;
   (g) a representative from Alberta Treasury;
   (h) a representative from Alberta Municipal Affairs;
   (i) the Associate Deputy Minister, Instruction Division, Alberta Education;
   (j) the Director of Finance, Statistics and Legislation, Alberta Education;
   (k) the Director of Field Services, Alberta Education;
   (l) one knowledgeable Albertan with a direct interest in school finance as appointed by the Minister.

   (2) The Minister of Education shall designate the Associate Deputy Minister, Instruction Division, Alberta Education, as the Chairman.

   (3) In the absence of the Chairman at a meeting, the members present shall appoint a chairman to preside at that meeting.

   (4) The Associate Director (Policy), Planning and Research, Alberta Education, shall be designated Executive Secretary.

   (5) The Committee may make rules governing the calling of and conduct of meetings and any other matters pertaining to its business and affairs.

   (6) From time to time the Committee may, as it sees fit, select and add non-voting members.

3. The members of the Committee shall hold office from June 9, 1981, through December 31, 1982.

4. The members of the Committee who are not employees of the government shall be paid remuneration for their services and an allowance for their expenses necessarily incurred in the performance of their duties, at the rates prescribed in Part A, Schedule 2, of the Committee Remuneration Order, O.C. 1175/80, as amended.

5. (1) The committee shall make recommendations to the Minister of Education, by no later than December 31, 1982, with regard to improvements in the ways and means of funding K-12 schooling in Alberta.
   (2) In making recommendations to the Minister of Education with regard to improvement in the ways and means of funding K-12 schooling, the Committee shall focus on issues surrounding education finance in Alberta today, with particular attention to:
      (a) fiscal equalization and equity, as particularly regards regional differences in the cost of providing schooling, and the sharing of local school board costs;
      (b) the locus of control, with regard to limits on local requisitions, and modes of provincial funding;
      (c) equity of school programs.
   (3) The Committee shall consider alternatives to the current arrangements in Alberta for financing K-12 schooling, including alternatives to the present School Foundation Program Fund, and shall detail the strengths and weaknesses of each in terms of current Alberta arrangements.
   (4) With the exception of capital funding, the Committee may enquire into any matter or thing or may cause to have prepared casual papers or to have conducted studies concerning any matters, whether or not herein specified, which it may consider essential to the due and proper execution of its responsibilities outlined under 5(1), 5(2), and 5(3) above.

6. (1) Regular staff support to the Committee will be provided by an Executive Secretary and Administrative Secretary.
   (2) The Committee, in carrying out its duties and functions, may request of the Minister access to any records in the Department of Education that, in the opinion of the Committee, may assist to carry out its duties and perform its functions.

7. The Committee, through the Chairman, shall make reports on a regular basis to the Minister, through the transmittal of minutes and such other means as may be required.

APPENDIX B
1981-82 School Finance Task Force Membership

During its term of office, from June 9, 1981 to December 31, 1982, the School Finance Task Force held 11 meetings which involved a total of 14 meeting days. Persons attending Task Force meetings included "core" voting members, who represented the organizations designated in the Ministerial Order establishing the Task Force; additional non-voting members, who represented organizations which the Minister had invited to attend at their discretion; and Alberta Education support staff from the Planning and Research Branch. Most organizations chose a primary and an alternate representative in order to readily provide for substitutes when a primary delegate could not attend.

The following people served as "core" committee members:

Chairman
Dr. James Hrabi, Associate Deputy Minister, Alberta Education

Alberta Association of Municipal Districts and Counties
Mr. Thomas Musgrove (Primary), Reeve, County of Newell
Mr. Joe Smith (Alternate), Reeve, County of Barrhead

Alberta Education
Dr. W. R. Duke, Director, Finance, Statistics, and Legislation
Dr. E. A. Torgunrud, Director, Field Services

Alberta Municipal Affairs
Mr. Tom Forgrave, Assistant Deputy Minister, Municipal Administrative Services Division

Alberta School Trustees' Association[1]
Mr. Philippe Gibeau (Primary), President, Alberta School Trustees' Association
Mr. Raymond Clark (Primary), Member, Board of Education, County of Forty Mile
Ms. Iris Evans (Alternate), Member, Board of Education, County of Strathcona

The Alberta Teachers' Association
Dr. Charles Hyman (Primary), Executive Assistant
Dr. Bernard Keeler (Alternate), Executive Secretary

Alberta Treasury
Mrs. Lynne Duncan (Primary), Assistant Deputy Provincial Treasurer, Fiscal Policy and Economics
Mr. Larry Morrison (Alternate), Director, Budget Planning and Economics

Alberta Urban Municipalities Association
Mr. Chuck Knight (Primary), President, AUMA; Alderman, Fort McMurray
Mr. George Cuff (Alternate), Mayor, Spruce Grove
Mr. Ken Fearnley (Alternate from May 1982), Mayor, Bon Accord

Conference of Alberta School Superintendents
Dr. Peter Bargen (Primary), Superintendent of Schools, St. Albert Protestant Separate School District
Mr. E. L. Deutscher (Alternate), Superintendent of Schools, Lac La Biche School Division

Public Representative
Mr. Harvey Bliss, Vice President, Finance, University of Calgary

School Business Officials of Alberta
Mr. Murray Lloyd (Primary), Secretary-Treasurer, Willow Creek School Division
Mr. R. G. Jenkins (Alternate), Superintendent of Finance, Calgary Board of Education

The following people served as additional non-voting members:

Alberta Chamber of Commerce
Mr. John Milligan

Alberta Education Management Society
Mr. A. A. (Scotty) Day, Consultant, Edmonton Regional Office of Education

Alberta Education, Early Childhood Services Branch
Dr. Irving Hastings, Director

Alberta Federation of Home and School Associations
Mrs. Carol Buckley (Primary to October 1981), Vice President
Mrs. Carole Tyndall (Primary after October 1981), Central Regional Vice President
Mrs. Joyce Westerlund (Alternate), President

Alberta Federation of Labour
Ms. Pamela Kirkwood (Primary to May 1982)
Mr. David Eastmead (Primary after May 1982)
Ms. Valerie Johnson (Alternate)

[1]The Ministerial Order designated two representatives from the Alberta School Trustees' Association.

Association of Independent Schools and Colleges of Alberta
Mr. Lee Hollaar (Primary), Principal, Edmonton Christian High School
Mr. Murray Lauber (Alternate), Principal, Camrose Lutheran College

Early Childhood Services Community Operators
Ms. Bonnie Ladner

The following people from the Planning and Research Branch of Alberta Education served as support staff to the Task Force:

Executive Secretary and Project Director
Mr. W. Leigh Hill, Associate Director, Planning and Research Branch

Administrative Secretary
Mr. Ray LaFleur, Consultant, Planning and Research Branch

Consultants and Production Staff
Mr. Gerry Ewert
Ms. Anita Jenkins
Dr. J. Collins Meek
Linda M. Youell

APPENDIX C
List of Studies: Stages 1 and 2 of "Financing Schooling in Alberta" Project

STAGE 1 STUDIES

Caldwell, Brian. "Alberta School Finance Developments, 1972-1980."

Ellis, D. W. and Associates. "Enrolment Projections System."

Hill, W. Leigh and Bruce Paige. "Defining the Local Contribution to Local School Expenditures."

Hill, W. Leigh and H. King. "Fiscal Equalization Among Alberta School Systems."

Nichols, Peter C. and Associates. "Taxation and Assessment Issues in Educational Finance."

Peat, Marwick and Partners. "Disaggregating and Revising the Alberta Education Price Index."

Peat, Marwick and Partners. "School Finance Computer Model."

Ratsoy, Eugene *et al.* "Situation Reviews on Financing Schooling in Alberta."

Symyrozum, Lloyd E. "Measuring the Scope and Depth of Alberta School Programs."

STAGE 2 STUDIES

Contracted Research Studies

Bumbarger, C. S., D. Richards and J. E. Seger (University of Alberta). "Funding Basic Education in Alberta."

Earle, John A. "School Programs Review and Analysis."

Jefferson, Anne L. "Residential and Non-Residential Equalized Assessment Distribution."

Jefferson, Anne L. "Small School Assistance/Small Jurisdiction Grants Review."

Rislan Enterprises. "Rural Transportation Study."

Sage Institute (Edmonton) Ltd. "Special Education Costing."

Youell, Linda M. "Regionalization of Alberta Education Price Index."

Staff Papers

Harder, J. D. "Industrial/Vocational/Business Education Proposal."

Hill, W. Leigh and J. Ochitwa. "Alternative Cost-Sharing Formulae."

Hill, W. Leigh and J. Ochitwa. "Local Supplementary Requisitions Review."

Hussey, Kelvin A. and Tom Milne. "Coalescence of Grants Study."

Hussey, Kelvin A. and Tom Milne. "Urban Transportation Review."

Meek, J. Collins. "Declining Enrolment Grant."

Meek, J. Collins. "Special Education Funding Proposal."

SOURCES AND AVAILABILITY OF STUDIES

Stage 1 studies are published in a document entitled *Financing K-12 Schooling in Alberta: Stage 1* (Alberta Education, 1981). Stage 2 studies are unpublished. Several studies are available on request from Alberta Education, Devonian Building, 11160 Jasper Avenue, Edmonton, Alberta. T5K 0L2; Ph. (403) 427-7219.

Copies of this report and its summary are also available at the same address.

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FINANCING SCHOOLING IN ALBERTA

Report of the Minister's Task Force on School Finance

2

ADDENDUM

SEPTEMBER, 1983

EDUCATION

319 Legislature Building, Edmonton, Alberta, Canada T5K 2B6 403/427-2025

Office of the Minister

February 28, 1983

Dr. J. S. Hrabi
Chairman
Task Force on School Finance
Alberta Education
10th Floor, Devonian Building
11160 Jasper Avenue
Edmonton, Alberta
T5K 0L2

Dear Dr. Hrabi:

I have reviewed with considerable interest the second report and recommendations of the Task Force on School Finance. I apologize for the delay in advising you of my response to the report and as a result delaying its public distribution.

I have considered very carefully the recommendations of the Task Force and their implications. While I agree with many of the recommendations, and particularly the support for the current structure of the finance plan, I do have several basic questions specifically about two of the key recommendations:

1. Recommendation 3 — "The provincial share of total schooling costs should be targeted towards providing an average of approximately 85% of the total expenditures of all school boards in the province, leaving an average of 15% to be raised by local supplementary requisitions."

While I recognize that the Task Force is recommending this figure as a target for some future time, the report does not provide any direction on how this target would be achieved. Specifically, if the provincial contribution in 1981 was 66.8% of the total expenditures, how would the Task Force propose we should move to 85% funding, what would you estimate to be the costs involved in implementing alternative approaches, and what corresponding increase in local school board accountability and responsibility to the province would you propose?

2. Recommendation 14 — "The provincial controls on school board supplementary requisitions should be removed."

I support this recommendation and in fact, we now have replaced the previous regulations with a 5% guideline. However, in view of Recommendation 3 above, I am concerned about how a proportion such as 85%-15% could be maintained if government has no control over increases in supplementary requisitions. In effect, school jurisdictions would

be able to increase supplementary requisitions at will and force the provincial government to provide corresponding increases in order to maintain the recommended balance of provincial to local contributions. What mechanism would the Task Force recommend to ensure that an appropriate balance of contributions, once attained, could be maintained on a continuous basis?

A third area of concern which I have relates to the discussion of what constitutes an educational plan for the province. The report of the Task Force indicates that an Alberta school finance plan should . . . "Be designed to achieve an educational program which may be defined as the province's educational plan". The provincial educational plan is considered to be "what is happening in the schools now". If the educational plan is the sum of all programs which school jurisdictions institute and operate, and if, as outlined in my second concern above, the provincial government has no control over the costs, how will anyone be able to afford the escalating costs that will result? In my view, if an educational plan is to form the basis for financial support from the province, it should provide direction to school jurisdictions as well as limit the scope of the programs and activities which government is prepared to support.

I have thought carefully about these issues and have decided that it would be unwise to release the report of the Task Force until these key questions and issues are addressed. Otherwise, I am concerned that the report will lose credibility and not receive the careful consideration and deliberation that it deserves.

Consequently, I am requesting that you re-convene the Task Force to consider specifically the questions that I have raised. Additional recommendations or advice from the Task Force on these issues should be added as an addendum to the second report so that it can be included when the report is released at a later date.

I realize that there is considerable pressure to release the report of the Task Force but I trust that you and members of the Task Force will understand my reservations. I would be pleased to discuss this further with you.

Sincerely,

David King
Minister of Education

June 30, 1983

Honourable David King
319 Legislative Building
Edmonton, Alberta
T5K 2B6

Dear Mr. King:

On May 6, 1983 the School Finance Task Force reconvened to discuss your letter of February 28, 1983 in which you posed a number of questions and sought further clarification regarding several sections of the report, particularly Recommendations 3 and 14, and Principle 2.

At their meeting the Task Force carefully considered your questions and, after discussion, concluded that the recommendations it made in the December 1982 report continue to be an accurate statement of the Task Force's views. In the initial instance the Task Force considered each recommendation and supporting argument at length during eleven half-day and full-day meetings held over a period of 18 months and passed the recommendations only after very deliberate debate.

The following discussion, therefore, reaffirms the earlier - stated views of the Task Force while responding to the specifics of your questions.

Recommendation 3: Raising the Provincial Cost Share

Simply put, the Task Force takes the view that the current local share of total schooling costs is too high, or, if you will, that the current provincial share (approximately 66%) is too low. The provincial share should exceed the historical high of some 80% reached in 1976; the Task Force has recommended that it would be most appropriate for the provincial support level to be set at approximately 85%. At the same time, the Task Force recognizes some practical challenges associated with setting the 85% as a precise, immutable target, including general economic conditions and freedom of local school boards in expenditure matters. For this reason, the Task Force recommends that the province **strive**, as a matter of policy, to establish and maintain its share at 85%; of lesser importance is whether or not, in each year, the 85% target is exactly achieved. "In some years the target may not be reached; in others, it may be exceeded." (p. 13)

Question 1: "How would the Task Force propose to move to 85% funding?"

There are basically two parts to the question of "how to move". In the sense of **how quickly** the province should increase its share from the current 66% level to the target level of 85%, the question is "Should it be done in one year — next year — or phased in over a number of years?" The second part of the question is "**What mechanisms** — policy instruments, grant systems, and so forth — should the province use to reach the 85% target level?"

Regarding the speed with which the province might move to the 85% level, clearly this is a matter for the Alberta government to decide. Again, the Task Force can summarize its position here as, "as soon as possible."

As for the specific mechanics of moving to the 85% level, there are two basic choices:

1) Reduce the reliance of local school boards on supplementary requisitions; that is, reduce the absolute level of supplementary requisitions and increase the provincial contribution — grants, from whatever source — an equivalent amount to make up the local revenue loss to boards; or

2) Allow local supplementary requisitions to continue to "seek their own level" while increasing the provincial contribution so as to yield the desired cost-share.

Again, as pointed out on page 13 of the report, the first choice implies a necessary regulation of supplementary requisitions by the province. The second choice means that, in effect, it would be local school boards, simply because of the requisitioning and spending decisions they make, who would be determining the size of the provincial education budget. Such a situation is not acceptable to the Task Force nor would it likely be acceptable to the province. The Task Force does not propose, nor would it support, the concept of a provincial education budget being determined in a direct way strictly by local school board decisions.

The issue of regulation of supplementary requisitions is dealt with further in the discussion of Recommendation 14 below.

The Task Force suggests two methods of reaching the goal of 85/15 sharing. (It should be noted that there **are** other methods, several of which are detailed in one of the staff papers prepared in support of the overall review)[1]. Also, the Task Force wishes to stress that it has not explored in detail the ramifications of its proposed methods (since the Task Force does not consider itself the appropriate body to do this).

Method 1. Effect a supplementary requisition rollback scheme, either as a one-time effort or in phases, using short-term controls on local supplementary requisitions (see discussion of Recommendation 14 below).

Method 2. Select a basic expenditure level (such as the total expenditure in a certain year or the average expenditure over a number of years) and during a set implementation period of x years, rationalize an annual provincial contribution which reflects inflation, growth and provincially mandated enhancements, and includes an injection of additional provincial monies, for the purpose of bringing the provincial share of funding to 85% in the concluding year.

The second method of implementation would also involve guidelines for, or controls on, local supplementary requisitions. Guidelines would be long-term, while controls would be short-term and applicable to municipal governments as well as to school jurisdictions in order that savings could be passed on to the ratepayer.

1. W. L. Hill and J. Ochitwa "Local Supplementary Requisitions Review" Alberta Education, 1982.

Question 2: "What would you estimate to be the costs involved in implementing alternative approaches?"

The Task Force argues that the total education budget (province plus local boards) does not necessarily have to be increased, in order to accommodate the intent of Recommendation #3. The overall intent of the recommendation is to shift costs from the local tax base to the general revenues of the province. Preliminary estimates of departmental staff are that the reduction of the local supplementary requisition would require approximately an additional $325 million in 1984 dollars from the province if implemented in one year.

Question 3: "What corresponding increase in local school board accountability and responsibility to the province would you propose?"

The Task Force takes the position that school boards are accountable to their electorate, whether that electorate is paying 34% or 15% of schooling costs. It was precisely because the Task Force wished to stress its firm conviction that school boards are in fact accountable in Alberta today that it amended Principle 5 to read, "An Alberta school finance plan should recognize the importance of autonomy for, **and accountability of**, local school authorities."

The report explained the intent of the principle in the words:

> Principle 5 is intended as a reminder that local jurisdictions must balance rights with responsibilities. Freedom to make choices locally of course includes responsibility for making effective use of resources, and ultimately, accountability to the local electors (page 25).

Recommendation 14: Provincial Controls on Supplementary Requisitions

Without restating the argument in full, the Task Force subscribes to the principle of local autonomy and finds long-term controls on local supplementary requisitions philosophically unacceptable. The view is not a new or unusual one, having been espoused by the 1969, 1972 and 1975 school finance advisory committees. In the words of the December 1982 report, "School boards should have the same powers as any other local government" (p. 26).

Question 4: "What mechanism would the Task Force recommend to ensure that an appropriate balance of contributions, once attained, could be maintained on a continuous basis?"

If the province is to pay 85% of total schooling costs, it is reasonable to expect that it will wish to exercise considerable leadership in matters of educational expenditure. In the view of the Task Force, the province is obligated firstly to describe in clear terms what programs and services it expects local school boards to provide and then to explain how the school finance arrangements — support level, grants and granting system — relate to those expectations. The Task Force believes that the province should: a) provide leadership by clearly explaining the basis of provincial grant levels and b) influence school board spending simply by issuing guidelines.

Individual school boards have the right to impose local levies as they see fit, but experience in Alberta has shown that school boards as a whole tend to respond positively to provincial leadership. In the view of the Task Force, then, the "control" aspect is present in the continued responsible judgement of Alberta school boards as a total group and their accountability to their electors.

Although opposed to control on local supplementary requisitions in the long term, the Task Force accepts the use of short-term, transitional controls in order to effect the underlying principle. Short-term regulation of requisition is acceptable if:

1) It is the only reasonable means of increasing the provincial share of total schooling costs (implementation of Recommendation 3), and

2) Similar controls are applied to municipal governments to ensure that the benefits resulting from a requisition rollback (that is, reduced local property tax level) do in fact accrue to the local ratepayer.

Principle 2: "An Alberta school finance plan should be designed to achieve an educational program which may be defined as the province's educational plan."

In its report the Task Force defined the current educational plan for Alberta as "What is happening in the schools now."

Regarding Principle 2, you asked:

If the educational plan is the sum of all programs which school jurisdictions institute and operate, and if, as outlined in the question about Recommendation 14, the provincial government has no control over the costs, how will anyone be able to afford the escalating costs that will result?

Although the Task Force had difficulty in defining an educational plan, this does not mean that another body, appointed especially for this purpose, would find the task impossible. Having reflected upon your questions and the relationship of Principle 2 to Recommendations 3 and 14, the Task Force has concluded that the Minister should consider defining an education plan, which can be translated into financial terms. Were such an initiative to be successful, there would be direct implications for Recommendation 3 and 14, but defining an educational plan is certainly not inconsistent with any of the principles of school finance endorsed by this Task Force. It is important to remember, however, that (as stated in Principle 2) financial support must flow from and not dictate the educational plan.

In summary, the Task Force holds the view that:

1) An 85/15 cost share ratio represents a long-term goal which the province should strive to achieve;

2) The 85/15 cost-share may be effected in a number of ways;

3) It is unreasonable to expect the province to set its annual education budget as some fixed proportion of whatever Alberta school boards simply choose to spend;

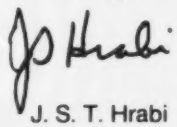
4) Some regulation of local supplementary requisitions is acceptable and necessary, but only if as a means to achieving the 85/15 cost share ratio and only if applied similarly to municipal governments;

5) Provincial financial "control" should be effected principally through the use of guidelines; and

6) The definition of an educational plan by the Minister, or by a body appointed by him for that purpose, may be desirable, especially if it can be translated into financial terms.

On behalf of the Task Force, I would like to thank you for the considered attention you have devoted to date to the Task Force report. I trust our foregoing comments will clarify the issues you raised, and the questions you posed in your letter of May 6, 1983.

Sincerely,



J. S. T. Hrabi
Chairman
School Finance Task Force

Number/
Numéro

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FINANCING SCHOOLING IN ALBERTA

of the
Ministers Task Force on
School Finance

2

DECEMBER 1982

CHAPTER I
OVERVIEW

Since 1969, the province of Alberta has reviewed school finance policy and procedures approximately every three years, involving interest groups in a formal or informal process.

The 1980-82 review of school finance arrangements occurred in two stages. The first stage, which began in 1980, provided basic information on historical developments in Alberta school financing; trends and patterns in school boards revenues and expenditures, staffing, pupil enrolments, and curricular programs; and new analytic tools and techniques which could be used in reviewing contemporary school finance issues.[1] The second stage commenced in the summer of 1981 with the establishment of the present School Finance Task Force by the Honourable David King, Minister of Education.

The mandate in the Ministerial order of appointment was:

1. In making recommendations to the Minister of Education with regard to improvements in the ways and means of funding K-12 schooling, the Task Force shall focus on issues surrounding education finance in Alberta today, with particular attention to:
   - — fiscal equalization and equity, as particularly regards regional differences in the cost of providing schooling, and the sharing of local school board costs;
   - — the locus of control, with regard to limits on local requisitions and modes of provincial funding;
   - — equity of school programs.
2. The Task Force shall consider alternatives to the current arrangements in Alberta for financing K-12 schooling, including alternatives to the present School Foundation Program Fund, and shall detail the strengths and weaknesses of each in terms of current Alberta arrangements.
3. With the exception of capital funding, the Task Force may inquire into any matter or thing which the Task Force considers essential to the proper execution of its responsibilities.

In the final Stage 2 report, the Task Force presents its conclusions and makes recommendations to the Minister of Education regarding an Alberta school finance plan. These conclusions and recommendations reflect the best judgements of the Task Force after careful consideration of Stage 1 and Stage 2 research findings and lengthy discussion of major school finance issues.

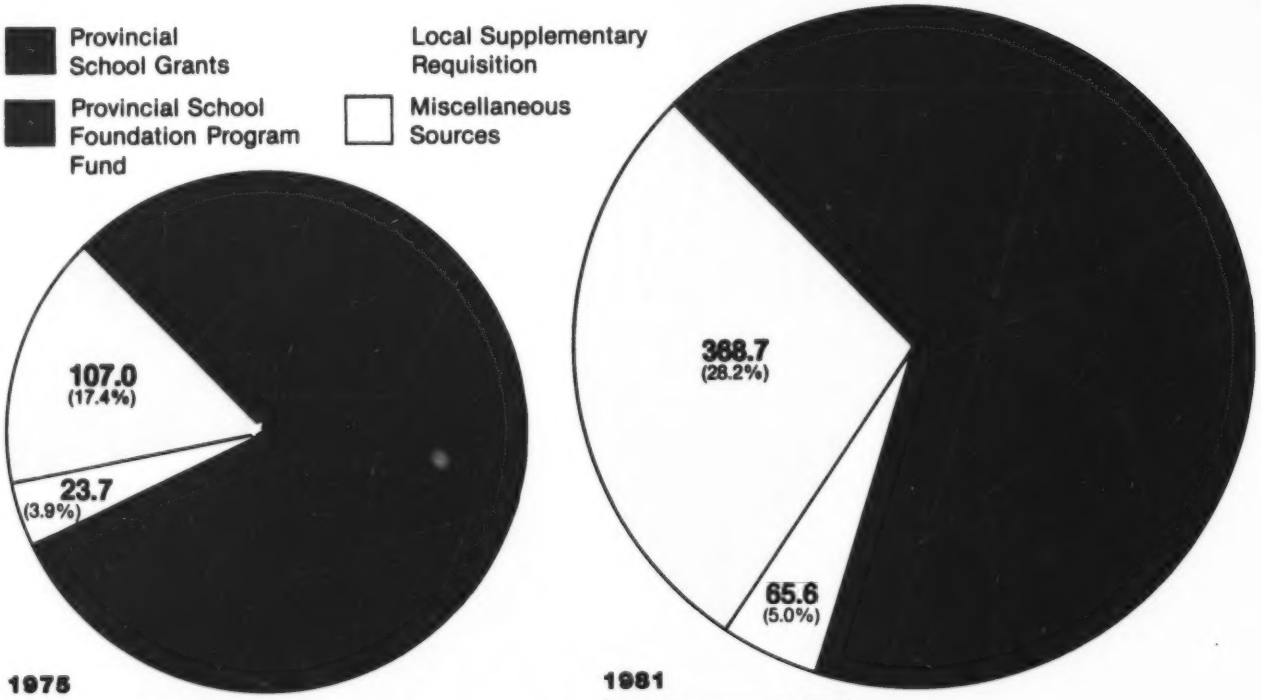
Alberta School Finance Arrangements in 1982

Currently in Alberta, the revenues of local school jurisdictions (see Fig. 1) fall into four major categories: School Foundation Program Fund (SFPF), other provincial grants, supplementary requisitions, and miscellaneous revenues. The School Foundation Program Fund covers basic instruction, transportation, and administration plus debt service. Other provincial grants (under the School Grants Regulations) provide specific support for numerous programs, including early childhood services and education of handicapped pupils; and for unique local conditions, such as remote location or declining enrolments. Supplementary requisitions, raised through local property taxes, are set by the local jurisdiction to provide the difference between revenues from other sources and the total revenue requirements. Miscellaneous revenues include such items as tuition fees (for example, federal funds for students residing on military bases), transportation charges, and receipts from the sale and rental of books.

In recent years, Alberta has experienced a gradual but fundamental change in the pattern of funds allocation. Originally Alberta school finance arrangements relied almost exclusively on the School Foundation Program Fund, which distributes money equally; whereas today there is an increasing emphasis on the School Grants Regulations funding, which distributes money differentially. The proportion of total revenues to school jurisdictions under the School Foundation Program Fund has declined consistently since 1974 while the proportion from the School Grants Regulations has more than doubled between 1972 and 1978. (Local supplementary requisitions also increased substantially during that period.)

[1]The publication, *Financing K-12 Schooling in Alberta: Stage 1*, consolidates the information assembled during the first stage.

Figure 1 **Sources of School Board Revenue** (In Millions of Dollars)



CHAPTER II
AN ALBERTA SCHOOL FINANCE PLAN: General Principles and Major Conclusions

The Task Force believes that judgements about the soundness of a finance plan should be based on these seven principles.

An Alberta school finance plan should:

1. Have as its prime objectives:
   (a) the equalization of educational opportunity, and
   (b) fiscal equalization, insofar as it is compatible with equalization of educational opportunity.
2. Be designed to achieve an educational program which may be defined as the province's educational plan.
3. Provide monies for development grants and in support of selected programs over and above the basic level of the plan, in order to provide leadership towards the improvement of educational services.
4. Provide for a diversity of revenue sources.
5. Recognize the importance of autonomy for, and accountability of, local school authorities.
6. Avoid infringement on local choice of method of program delivery.
7. Allow local school jurisdictions the opportunity to raise money for the financing of public education when such financing is not provided for in the provincial plan of school support.

These principles are ideals towards which an Alberta school finance plan should strive.

The Task Force's mandate was to consider not only how to improve the current school finance grants and granting systems, but also whether there might be better alternatives to the approaches currently employed in Alberta for distributing provincial grant monies.

The Task Force concludes that the current arrangements in Alberta exhibit few deficiencies when compared with provisions elsewhere in North America in terms of what makes a good school finance plan. The present plan combines a comparatively high level of overall support from the general revenues of the province, drawn from a wide range of revenue sources, with extensive special assistance to account for unique local circumstances. As well, the plan allows for a high degree of local choice in programming, spending, and taxation.

However, while the Task Force endorses the current *structure* of the Alberta school finance plan, it argues that the plan can and should be improved through substantial increases in the *level* of funding.

The Task Force has concluded that Principle Two, linking school financial arrangements with a provincial education plan, should be interpreted in light of current school board practice. The provincial education plan is what is happening in the schools now. It is a function of provincial requirements, school board desires and local community aspirations, geography, and availability of financial resources. The Task Force's recommendations in this matter are directed towards enhancing programs and increasing their accessibility in all school jurisdictions without unduly prescribing what these programs should be.

CHAPTER III

FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Unlike the School Finance Task Force main report, which details the strengths and weaknesses of current Alberta school finance arrangements and makes recommendations for improvements in terms of the principles, this summary report presents the 19 Task Force recommendations according to four levels of priority.

- First Priority: recommendations having general impact and/or involving substantial general funding.
- Second Priority: recommendations about particular program grants.
- Third Priority: recommendations on other elements directly related to the school finance plan.
- Fourth Priority: recommendations for further study and general commendations.

First Priority: Recommendations Having General Impact and/or Involving Substantial General Funding

Taken together these six recommendations have significant impact on every school jurisdiction in the province, regardless of size, location, type, or financial or educational circumstance. The recommendations deal with the basics of educational finance.

LOCAL/PROVINCIAL SHARES OF TOTAL SCHOOLING COSTS. Of all the issues associated with school finance in Alberta today, none is more provocative than what constitutes fair local and provincial shares of the total costs to local school boards (see Fig. 2). Using the supplementary requisition (property tax) as a measure of the local contribution to schooling costs, between 1975 and 1981 the local share has increased from 18% to approximately 30%. In dollar terms, local supplementary requisitions almost tripled, reaching $370 million in 1981, and the estimated figure for 1982 is about $474 million. Local property owners as well as local governments continue to express alarm over rising school requisitions.

Local property taxpayers are bearing more and more of the costs of education. If school boards continue to rely more and more on local revenue sources, the financial equity inherent in the Alberta school finance plan and the equal opportunities for schooling implied by the plan will continue to decrease. Through use of local tax proceeds, wealthier school jurisdictions will be able to provide more and better school programs than poorer school jurisdictions, and in poorer jurisdictions, the tax levels will become an even greater burden. On the other hand, if the province's share becomes unduly large, the autonomy of local school boards might be threatened.

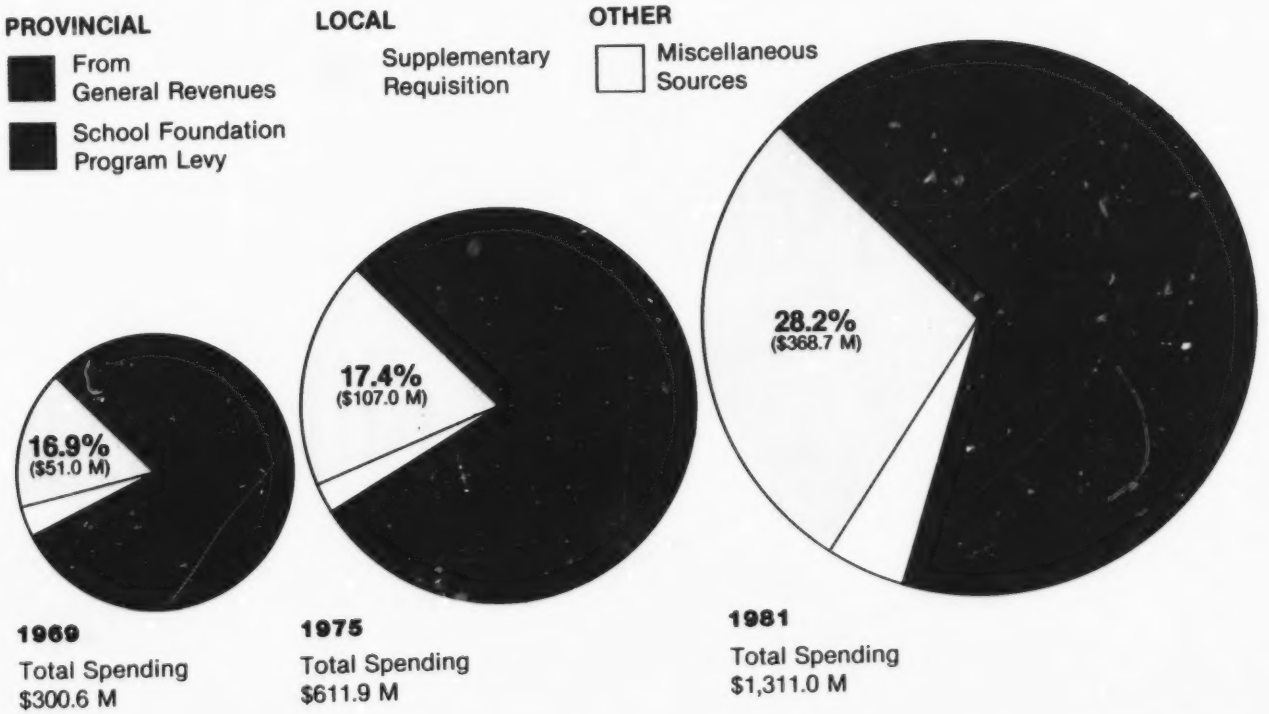
The province sets no real limits on school board spending. The established controls apply only to what a school board can raise through local supplementary requisitions. Even then, current provincial limits on requisitions can be waived locally, through the passage of a school board by-law.

The Task Force concludes that since school boards themselves determine what they spend, the province cannot set its share of total school board expenditure as a target to be precisely achieved every year. Instead, the province should set a goal towards which it will strive from year to year. In some years the target may not be reached; in others, it may be exceeded.

> *The provincial share of total schooling costs should be targeted towards providing an average of approximately 85% of the total expenditures of all school boards in the province, leaving an average of 15% to be raised by local supplementary requisitions.*
>
> *(Recommendation 3 in main report.)*

DISTRIBUTION OF ASSESSMENT. The capacity of a school jurisdiction to bear its fair share of total schooling costs depends in large part on its local assessment base. In recent years Alberta has made legislative changes to ensure a fairer distribution of commercial and industrial assessment between public and separate school jurisdictions. Where the religious affiliation of a corporation is indeterminate, the assessed property valuation of that corporation is divided between the public and separate school

Figure 2 **Provincial and Local Shares of Total School Costs**



jurisdictions on the basis of pupil enrolments. Generally, this procedure has enlarged the assessment bases for separate school jurisdictions.

On the other hand, where religious affiliation of a *residential* property owner is undetermined, that owner's assessed property valuation is credited in full to the local public school jurisdiction. It may be that undeclared residential assessment should be shared between public and separate school jurisdictions on the basis of pupil enrolment, as is now done for undeclared corporate assessment.

> *Provincial authorities should pursue the objective of equitable distribution of tax assessment in all future revisions to legislation governing distribution of property taxes to support educational purposes.*
>
> *(Recommendation 4 in main report.)*

LOCAL SUPPLEMENTARY REQUISITIONS. Authority over school programs and expenditures should be as close as possible to the local community. The province should avoid undue restriction of local school jurisdictions in choosing alternative program delivery methods, and allow local school jurisdictions to levy local supplementary requisitions for educational purposes when funds are not provided through the provincial finance plan. Having met provincial requirements, a local school jurisdiction should be free to determine the quality, quantity, and design of its program. However, local jurisdictions must balance rights with responsibilities. Freedom to make choices locally also includes responsibility for making effective use of resources, and ultimately accountability to the local electors.

Therefore, since the school board is already accountable to the local electorate, the Task Force sees no benefit to be gained from maintaining the current ceiling on annual increases in the supplementary requisition mill rate. The Task Force notes with concern that current provincial controls are discriminatory; these controls suggest that school boards are less financially responsible than other governments. There is no evidence to support such a view.

Those elected to local office should be free to make decisions within the limits of their legal responsibility without being required to refer to their electorate or to any other body. Elected officials, including school board members, are accountable in that they must justify their policies at election time.

The Task Force concludes that provincial controls on school board supplementary requisitions are inappropriate.

> *The provincial controls on school board supplementary requisitions should be removed.*
>
> *(Recommendation 14)*

SUPPLEMENTARY REQUISITION EQUALIZATION GRANT. The province extends the principle of fiscal equalization through the mechanism of the Supplementary Requisition Equalization Grant, which guarantees a minimum per pupil amount for less wealthy school jurisdictions. In 1982, the Supplementary Requisition Equalization Grant guarantees a per pupil yield of 62% of the average province-wide per pupil yield. This "average yield" is calculated by dividing the total amount of tax revenue requisitioned by all school jurisdictions in the province by the number of pupils resident in all those school jurisdictions.

The Task Force concludes that an increase in the Supplementary Requisition Equalization Grant would increase the fiscal capacity of poorer school jurisdictions and tend to equalize taxpayer effort. Without this Supplementary Requisition Equalization Grant, taxpayers in poorer jurisdictions would face higher rates of taxation if they attempted to maintain educational services equivalent to those in wealthier jurisdictions. Increasing this grant to provide the province-wide average yield would also enable less wealthy jurisdictions to enhance school programs.

> *The Supplementary Requisition Equalization Grant should be increased to provide 100% of the province-wide average yield.*
>
> *(Recommendation 8)*

PUPIL GRANT WEIGHTING FACTORS. The Task Force reviewed the relative weights of per pupil instruction grants. Since 1978, the School

Foundation Program Fund has used weightings of 1.0 for elementary students, 1.05 for junior high students, and 1.20 for senior high students. These weightings are based in large part on higher costs at the junior and senior high school levels due to the more highly-paid teachers (because of the tendency of school boards to employ more experienced and highly-trained teachers at the secondary school level).

The intent of the change in the weighting factors following 1973 was to encourage relatively more spending at the lower grade levels, as well as to reflect actual expenditure patterns to some extent. Since 1978, not only have grant weighting factors remained unchanged, but actual per pupil instruction spending patterns have stayed the same; junior high per pupil spending has been 5% higher than elementary per pupil spending; senior high, 14% higher.

The Task Force is of the view that there may be some advantage in simplifying the instruction grants weighting system, by equating the junior high and senior high weighting factors.

The per pupil weights in the School Foundation Program Fund grants, Part A, should be set at 1.0 for elementary students (Grades 1 to 6), and 1.1 for junior and senior high school students (Grades 7 to 12).

(Recommendation 10)

PUPIL TRANSPORTATION. Since 1976, the local share of transportation costs has increased two-fold to approximately 30% in 1981. In Alberta, student transportation costs vary greatly from one jurisdiction to the next, and many of the factors are beyond the control of local jurisdictions, such as the price of fuel, the distances travelled (dictated by the shape and size of the jurisdiction), and the numbers of students transported.

The Task Force concludes that the province should increase its share of funding for pupil transportation to reflect more closely previous provincial funding levels. Also, in the interest of greater efficiency in pupil transportation, the Task Force suggests alternatives to present systems, such as use of purple gas, conversion to propane or liquefied natural gas, combining separate and public school busing in some areas, or provincial purchasing of bus fleets.

The general principles of the current transportation grants formula should continue to be supported, with the following modifications:

a) The establishment of a provincial support level of 85%.

b) Maintenance of this support level through increased funding and efficiency measures.

(Recommendation 15)

Second Priority: Recommendations about Particular Program Grants

Grants in aid of special programs or situations and fiscal equalizing measures to ease inequalities or provide for special needs are second in priority for the School Finance Task Force.

SPECIAL EDUCATION. One special program is the education of handicapped children. To an increasing extent, Alberta school boards face demands to provide programs and services which at one time would have been regarded as beyond the responsibilities of the educational community. Local school authorities believe that in the area of special education, they are paying many non-educational costs with funds intended for education. These programs are a great expense compared to the average local cost of educating a child. For example, programs for severely handicapped children can cost $20,000 per student.

Another problem is that the many different forms and categories of special education funding create confusion.

The Task Force concludes that red tape could be reduced and local autonomy increased through simpler per pupil grants and fewer regulations, which would enable a variety of program delivery approaches.

A simplified special education program should be introduced to reduce funding disparities among jurisdictions, reduce administrative complexity, eliminate the Special Education Teaching Position funding method, and promote local autonomy in developing and using a wide variety of program delivery approaches. Specifically, the special education funding program should:

a) *Provide a* common per pupil means of payment *based on three categories of handicap for both Early Childhood Services and Grades 1 to 12: Level I (moderate), Level II (severe), and Level III (very severe).*

b) *Improve provincial financial support percentages for handicapped pupils so that average local costs for handicapped pupils in various categories are no higher than for other pupils in that jurisdiction.*

c) *Reduce waiting lists by increasing the numbers of handicapped children served (over a three-year period).*

d) *Continue to utilize the Program Unit Grant for the most severely handicapped children.*

(Recommendation 1)

INDUSTRIAL EDUCATION, WORK EXPERIENCE, AND BUSINESS EDUCATION COSTS. With ever greater competition in the work force, industrial education, work experience, and business education components of schooling are gaining greater importance and are in greater demand. Students, parents, teachers, and administrators want a wide variety of these programs.

Industrial education programs are very expensive because of the high costs of maintaining and repairing equipment, the costs of instructional materials, and the smaller class sizes involved. Work experience programs incur extra costs because in order to offer the program, the school jurisdiction must hire a teacher-coordinator. Business education courses require extra funds to buy current equipment, especially word processors and microcomputers. High school vocational courses are currently funded (1982) at the rate of $36.80 per credit, while industrial education, work experience, and business education courses receive no special funding.

Finding marked differences among schools and school jurisdictions in terms of the number of work experience, industrial education, and business education courses offered the Task Force concludes that additional funding might encourage more school jurisdictions to offer these programs.

New funding initiatives for industrial, work experience, and business education should be introduced to:

a) *Fund Industrial Education 10, 20, and 30 courses at one-half the rate per credit of vocational courses.*

b) *Fund Work Experience 15, 25, and 35 courses at one-half the rate per credit of vocational courses.*

c) *Create a capital funding program to update equipment for business education.*

(Recommendation 2)

SMALL SCHOOLS AND SMALL JURISDICTIONS. Small schools and small jurisdictions have additional financial battles to fight because of the requirement to offer the regular Alberta curriculum to a small number of students, no matter what the costs. Two grants under the School Grants Regulations partially compensate for the higher per pupil costs experienced because of low enrolments: the Small School Assistance Grant and the Small School Jurisdiction Grant.

Schooling costs in the smallest schools are inordinately high because of the low pupil-teacher ratio, and it is also extremely difficult to meet instructional requirements in these multi-grade situations. For pupils in such circumstances, correspondence lessons would perhaps be a reasonable alternative.

Regarding the Small School Jurisdiction Grant, the Task Force noted that school jurisdictions serving 1000 to 1499 pupils have unexpectedly lower costs than jurisdictions of any other size.

The Task Force concluded that, despite high costs, the Small School Assistance Grant should neither penalize nor reward exceptionally small schools. Regarding the Small School Jurisdiction Grant, the Task Force agreed that jurisdictions serving over 1000 pupils do not appear to require special support.

The Small School Assistance and the Small School Jurisdiction Grants should be continued with the following provisions:

a) *That the peak grants under the Small School Assistance Grant for each of the elementary, junior high, and senior high categories be applied for enrolments below the peak.*

b) *That the Small School Jurisdiction Grant be continued only for jurisdictions with fewer than 1000 students.*

(Recommendation 6)

DECLINING ENROLMENTS. Declining enrolments create financial problems for schools. The current Declining Enrolment Grant, implemented in 1975, provides school jurisdictions with a one-year adjustment period as they attempt to reduce expenditures to match the declining enrolment revenue, which is paid on a per pupil basis. This grant appears to meet the average board's requirements in the one-year transition period of adjusting expenditures downward following enrolment decline. The Declining Enrolment Grant varies according to jurisdiction size and number of pupils lost, with declines less than 1% being ineligible.

However, school jurisdictions experiencing declining enrolments cannot reduce their expenditures immediately, although the School Foundation Program Fund per pupil grants are reduced immediately. In general, the smaller the jurisdiction's enrolment, the greater the difficulty in adjusting expenditures to match revenue losses. Some jurisdictions do not adjust at all, and some jurisdictions increase real expenditures in the face of declining enrolment losses. Finally, jurisdictions with annual enrolment declines below 1% annually experience as much difficulty adjusting expenditures downward as do those with declines above 1%.

The Task Force supports the current provisions for declining enrolments, with some adjustment for small declines, especially in small jurisdictions.

The Declining Enrolment Grant:

a) *Should be maintained at current levels, plus inflation.*

b) *Should be amended to remove the 1% grant cut-off level, at least for small jurisdictions having fewer than 2250 pupils.*

(Recommendation 7)

Third Priority: Recommendations on Other Elements Directly Related to the School Finance Plan

The three recommendations which are given third priority by the School Finance Task Force address adjusting support on the basis of regional price differences, inservice funding, and grants simplification.

REGIONAL EDUCATION PRICE INDICES. School finance arrangements in Alberta take into account some of the most significant differences in costs to local school jurisdictions of providing necessary schooling services to their pupils. One factor not accounted for explicitly is the differences in the prices of goods and services which school jurisdictions must purchase to educate their students.

In exploring the issue, the Task Force set out to determine whether a regionalized education price index could be used to adjust provincial grants from region to region to account for local price differences, including regional costs of teachers' salaries, salaries for non-certificated staff, and utilities costs. Six regional price indices, paralleling the provincial education price index, were developed.

The Task Force found that education prices, as measured by the 1980 regional price indices, do appear to vary across the province. The one area of the province where popular opinion holds that education prices are the greatest — the northwest — reflects prices only slightly higher overall than those in the south. Either the overall regional indices are wrong, or popular opinion is unsupported.

Perhaps the key lies in the subindices of the Education Price Index: Instruction, Administration, Plant Operation and Maintenance, Transportation, and Debt Service. According to the subindices, northwestern Alberta faces the highest transportation prices and the third highest plant operation and maintenance prices in the province. At the same time, the region faces the lowest prices in the instruction and administration categories. The combined effect for the northwest is to produce an overall education price index lower than what most people would expect, and which masks more marked differences at the subindex (such as transportation) level.

The Task Force concludes that modifying payments to school systems on the basis of the overall regional price index would be inadvisable because there are serious questions about the validity of the data upon which the preliminary results are based. Furthermore, grants adjustments based on overall price differences among regions would not compensate those school jurisdictions facing higher prices in some budget areas (such as transportation) but having a relatively low overall price index.

Provincial funding arrangements should not be changed to provide explicitly for adjustment of provincial aid on the basis of regional education price indices.

(Recommendation 9)

TEACHER INSERVICE. The Task Force reviewed a proposal from the Tripartite Committee on Inservice Education, which had representatives from Alberta Education, The Alberta Teachers' Association and the Alberta School Trustees' Association. The Committee proposed that when any new or revised curricular program is developed, provision should be made for putting the new or revised program in place. They proposed a plan for inservice education of teachers, and also for funding the costs incurred. Provincial and local authorities and the teaching profession should share the financial responsibility for inservice education. The province should make a substantial contribution, particularly when the province is the source of the curricular change. If the province does not support inservice costs when it initiates a new program, local school jurisdictions face either unanticipated inservice expenses or poorly implemented program changes. The teachers responsible for delivering the new curriculum to the students are at a disadvantage if they have not had ample opportunity to familiarize themselves with the new curriculum and its requirements.

Alberta Education should adopt the model for financing inservice proposed by the Tripartite Committee on Inservice Education in October 1980.

(Recommendation 11)

SIMPLIFYING THE GRANTS FORMULAE. A school finance plan should be as simple and efficient as possible, so that claiming the grants and preparing a budget does not become an overly complex task for the school jurisdictions. One method of achieving simplicity and efficiency is to keep the number of different provincial grants to a minimum and avoid duplication of purpose and excessive regulations about the administration and distribution of funds.

The 1972 and 1975 Minister's Advisory Committees on School Finance, as well as interested individuals and organizations, have recommended simplifying the grants structure. Changes have indeed been made, but the number of grants under the School Grants Regulations has continued to increase.

The Task Force concludes that further simplification should be undertaken, provided it promotes both educational and financial objectives.

Relative to combining or terminating grants, Alberta Education should:

a) Combine Canada Pension Plan allowances and Reading Materials Grants with School Foundation Program Fund instruction grants.

b) Combine the Learning Disabilities Fund with either the proposed special education per pupil grants, or the School Foundation Program Fund grants, whichever is deemed more advisable.

c) Combine the 3% administration grant in the School Foundation Program Fund with other School Foundation Program Fund grants.

d) *Combine support for the elementary and junior high component of the Educational Opportunities Fund with the School Foundation Program Fund.*

e) *Terminate the Corporate Assessment Grant in 1984, as stated in current policy.*

f) *Terminate Establishment Grants and the Vocational Education option grant, Section 10 (3).*

g) *For the purpose of day extension grants, consider students under the age of 21 as pupils under the School Foundation Program Fund.*

h) *Combine the Teacher Housing Unit Grant with the Location Allowance.*

(Recommendation 17)

Fourth Priority: Recommendations for Further Study and General Commendations

Finally, the Task Force proposes five areas in which the province should take future action. Several of these areas require further study in order to determine implications for and repercussions on Alberta's school finance arrangements.

DISTRIBUTION OF ASSESSMENT STUDY. As stated earlier, the local share of schooling costs has increased more than 50% between 1975 and 1981. Consequently, many jurisdictions are saying that the provincial share of schooling costs is too small.

The Task Force concludes that there may be alternative methods of distributing wealth among jurisdictions, so that poorer jurisdictions are not placed at a disadvantage when attempting to provide educational opportunities which are similar to those provided by wealthier jurisdictions.

The province should conduct a study to determine the feasibility of transferring from local to provincial control the total non-residential tax assessment for school purposes, for redistribution on a per pupil basis.

(Recommendation 5)

POPULATION DENSITY STUDY. The Task Force speculated about whether a single school finance plan, with special provisions for regions with low population density, was the best approach to financing education in Alberta. Perhaps it would be better to have two or more plans suited to the different demographic conditions and heterogeneous environment in Alberta.

The Task Force is interested in knowing whether systematic relationships exist between school jurisdiction population density and the necessary costs of schooling. The results could have implications for Alberta's school finance arrangements.

The province should undertake the task of developing density profiles by jurisdiction, clusters of jurisdictions, and student and general populations; providing directional projections by clusters of increasing, stable, and decreasing enrolments; and identifying potential implications for costs and funding.

(Recommendation 12)

LANGUAGE IMMERSION STUDY. Second language immersion programs are currently the fastest growing area in terms of program development and enrolment. The province has made a substantial commitment to these programs by maintaining the level of grants for the French language immersion programs, despite the fact that federal funding has been cut by one-third.

It is a distinct possibility that demand for language immersion programs will continue and perhaps even expand. The Task Force concludes, therefore, that assured funding to school jurisdictions offering these programs is vital.

Alberta Education should undertake a study of the future needs and impacts of language immersion programs on school systems, in terms of fiscal resources required.

(Recommendation 13)

STUDY OF EARLY CHILDHOOD SERVICES SUPPORT. As noted in the discussion preceding Recommendation 17 (see p. 10), the Task Force is interested in simplifying and streamlining the grants structure for school jurisdictions.

> *Alberta Education should initiate a research study to examine the feasibility, desirability, and implications of combining Early Childhood Services support with the School Foundation Program Fund.*
>
> *(Recommendation 16)*

EFFICIENCY AT THE LOCAL LEVEL. Representatives of municipal authorities on the Task Force reported difficulties in paying school board requisitions in the spring, prior to the annual tax billing. The municipal tax authority pays what the school jurisdiction requisitions, even when the municipality experiences difficulties in tax collection. To avoid the high costs of borrowing to fund school systems, the municipal authorities would prefer interim tax billing on a quarterly or monthly basis.

> *To help solve the problems that municipal authorities encounter in meeting the statutory deadlines for school board requisitions, the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts and Counties should be supported in their request for changes in legislation to permit interim tax billing.*
>
> *(Recommendation 18)*

In addition, the Task Force discussed how better working relationships between school and municipal authorities could be promoted, in order that funds could be used as effectively as possible.

> *Alberta Education and Alberta Municipal Affairs should cooperate in encouraging positive working relationships between local school authorities and local municipal authorities in order to ensure the efficient and effective expenditure of tax dollars.*
>
> *(Recommendation 19)*

These 19 recommendations delineate the conclusions of the School Finance Task Force regarding the mechanisms and operations of a sound and efficient school finance plan for Alberta.

APPENDIX A
1981-82 School Finance Task Force Membership

During its term of office, from June 12, 1981 to December 31, 1982, the School Finance Task Force held 11 meetings which involved a total of 14 meeting days. Persons attending Task Force meetings included "core" voting members, who represented the organizations designated in the Ministerial Order establishing the Task Force; additional non-voting members, who represented organizations which the Minister had invited to attend at their discretion; and Alberta Education support staff from the Planning and Research Branch. Most organizations chose a primary and an alternate representative in order to readily provide for substitutes when a primary delegate could not attend.

The following people served as "core" committee members:

Chairman
Dr. James Hrabi, Associate Deputy Minister, Alberta Education

Alberta Association of Municipal Districts and Counties
Mr. Thomas Musgrove (Primary), Reeve, County of Newell
Mr. Joe Smith (Alternate), Reeve, County of Barrhead

Alberta Education
Dr. W. R. Duke, Director, Finance, Statistics, and Legislation
Dr. E. A. Torgunrud, Director, Field Services

Alberta Municipal Affairs
Mr. Tom Forgrave, Assistant Deputy Minister, Municipal Administrative Services Division

Alberta School Trustees' Association[1]
Mr. Philippe Gibeau (Primary), President, Alberta School Trustees' Association
Mr. Raymond Clark (Primary), Member, Board of Education, County of Forty Mile
Ms. Iris Evans (Alternate), Member, Board of Education, County of Strathcona

The Alberta Teachers' Association
Dr. Charles Hyman (Primary), Executive Assistant
Dr. Bernard Keeler (Alternate), Executive Secretary

Alberta Treasury
Mrs. Lynne Duncan (Primary), Assistant Deputy Provincial Treasurer, Fiscal Policy and Economics
Mr. Larry Morrison (Alternate), Director, Budget Planning and Economics

Alberta Urban Municipalities Association
Mr. Chuck Knight (Primary), President, AUMA; Alderman, Fort McMurray
Mr. George Cuff (Alternate), Mayor, Spruce Grove
Mr. Ken Fearnley (Alternate from May 1982), Mayor, Bon Accord

Conference of Alberta School Superintendents
Dr. Peter Bargen (Primary), Superintendent of Schools, St. Albert Protestant Separate School District
Mr. E. L. Deutscher (Alternate), Superintendent of Schools, Lac La Biche School Division

Public Representative
Mr. Harvey Bliss, Vice President, Finance, University of Calgary

School Business Officials of Alberta
Mr. Murray Lloyd (Primary), Secretary-Treasurer, Willow Creek School Division
Mr. R. G. Jenkins (Alternate), Superintendent of Finance, Calgary Board of Education

The following people served as additional non-voting members:

Alberta Chamber of Commerce
Mr. John Milligan

Alberta Education Management Society
Mr. A. A. (Scotty) Day, Consultant, Edmonton Regional Office of Education

Alberta Education, Early Childhood Services Branch
Dr. Irving Hastings, Director

Alberta Federation of Home and School Associations
Mrs. Carol Buckley (Primary to October 1981), Vice President
Mrs. Carole Tyndall (Primary after October 1981), Central Regional Vice President
Mrs. Joyce Westerlund (Alternate), President

Alberta Federation of Labour
Ms. Pamela Kirkwood (Primary to May 1982)
Mr. David Eastmead (Primary after May 1982)
Ms. Valerie Johnson (Alternate)

[1]The Ministerial Order designated two representatives from the Alberta School Trustees' Association.

Association of Independent Schools and Colleges of Alberta
Mr. Lee Hollaar (Primary), Principal, Edmonton Christian High School
Mr. Murray Lauber (Alternate), Principal, Camrose Lutheran College

Early Childhood Services Community Operators
Ms. Bonnie Ladner

The following people from the Planning and Research Branch of Alberta Education served as support staff to the Task Force:

Executive Secretary and Project Director
Mr. W. Leigh Hill, Associate Director, Planning and Research Branch

Administrative Secretary
Mr. Ray LaFleur, Consultant, Planning and Research Branch

Consultants and Production Staff
Mr. Gerry Ewert
Ms. Anita Jenkins
Dr. J. Collins Meek
Linda M. Youell

APPENDIX B
List of Studies: Stages 1 and 2 of "Financing Schooling in Alberta" Project

STAGE 1 STUDIES

Caldwell, Brian. "Alberta School Finance Developments, 1972-1980."

Ellis, D. W. and Associates. "Enrolment Projections System."

Hill, W. Leigh and Bruce Paige. "Defining the Local Contribution to Local School Expenditures."

Hill, W. Leigh and H. King. "Fiscal Equalization Among Alberta School Systems."

Nichols, Peter C. and Associates. "Taxation and Assessment Issues in Educational Finance."

Peat, Marwick and Partners. "Disaggregating and Revising the Alberta Education Price Index."

Peat, Marwick and Partners. "School Finance Computer Model."

Ratsoy, Eugene *et al.* "Situation Reviews on Financing Schooling in Alberta."

Symyrozum, Lloyd E. "Measuring the Scope and Depth of Alberta School Programs."

STAGE 2 STUDIES

Contracted Research Studies

Bumbarger, C. S., D. Richards and J. E. Seger (University of Alberta). "Funding Basic Education in Alberta."

Earle, John A. "School Programs Review and Analysis."

Jefferson, Anne L. "Residential and Non-Residential Equalized Assessment Distribution."

Jefferson, Anne L. "Small School Assistance/Small Jurisdiction Grants Review."

Rislan Enterprises. "Rural Transportation Study."

Sage Institute (Edmonton) Ltd. "Special Education Costing."

Youell, Linda M. "Regionalization of Alberta Education Price Index."

Staff Papers

Harder, J. D. "Industrial/Vocational/Business Education Proposal."

Hill, W. Leigh and J. Ochitwa. "Alternative Cost-Sharing Formulae."

Hill, W. Leigh and J. Ochitwa. "Local Supplementary Requisitions Review."

Hussey, Kelvin A. and Tom Milne. "Coalescence of Grants Study."

Hussey, Kelvin A. and Tom Milne. "Urban Transportation Review."

Meek, J. Collins. "Declining Enrolment Grant."

Meek, J. Collins. "Special Education Funding Proposal."

SOURCES AND AVAILABILITY OF STUDIES

Stage 1 studies are published in a document entitled *Financing K-12 Schooling in Alberta: Stage 1* (Alberta Education, 1981). Stage 2 studies are unpublished. Several studies are available on request from Alberta Education, Devonian Building, 11160 Jasper Avenue, Edmonton, Alberta. T5K 0L2; Ph. (403) 427-7219.

Copies of the Stage 2 School Finance Task Force report and this summary are also available at the same address.